| | | |
|---|---|---|
| Egypt ... E£1.00 | Luxembourg . LFr.42 | Sweden .. Skr 6.50 |
| Finland .. Fmk 8.00 | Malaysia .. Rin 4.25 | Switzerland SFr2.20 |
| France .. FFr. 6.00 | Mexico .. Pes. 300 | Taiwan ... NT $65 |
| Germany . DM 2.20 | Morocco .. Dh 6.00 | Tunisia .. Din 0.600 |
| Greece .....Dr 70 | Netherlands . Fl 2.50 | Turkey .... L 210 |
| Hong Kong . HK$ 12 | Norway .. Kr. 6.00 | U.A.E. ... Dh 6.50 |
| India .... Rup. 15 | Philippines . Pes. 20 | U.S.A. .... $1.00 |

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,696 | Thursday August 8 1985 | D 8523 B


**Compact discs come to the rescue, Page 10**

World news

# Pretoria welcomes Reagan's support

**South Africa, facing international protest over its clampdown on township unrest, praised U.S. President Ronald Reagan for supporting President Botha's decision to impose a state of emergency. Page 3**

Meanwhile, four more black men died in an outbreak of violence in townships around the port of Durban, police said.

Leaders of nine southern African countries will meet in Tanzania to find ways of boosting regional co-operation.

### Pacific decision

The 13-nation South Pacific Forum endorsed Australia's proposal for making the area a limited nuclear-free zone. France continues to test nuclear weapons there. Page 3

### Pope apartheid plea

Pope John Paul condemned South Africa's racial policies as inhuman. In one of his sharpest attacks on apartheid, he said the Roman Catholic Church totally repudiated racial discrimination. Page 2

### Mugabe intruder

A young man armed with an axe and a knife was shot dead by guards after apparently trying to enter the office of Mr Robert Mugabe, Prime Minister of Zimbabwe. Mugabe threatens to eliminate Zapu, Page 3

### Guerrillas kill 10

Ten people were killed in a village in eastern Turkey when separatist guerrillas attacked their homes with hand grenades and machine guns, according to the Turkish national news agency.

### Death toll rises

Ten people have died as two days of torrential midsummer rain across Austria caused widespread floods, cutting roads, railway lines, telephone and power links. Page 2

### Italian wine laced

Four Italian red wines laced with diethylene glycol, the toxic anti-freeze, have been found in Tokyo.

### No ban on juice

Hong Kong will not ban sales of Austrian fruit juices because tests showed they did not contain a poisonous chemical sweetener.

### E. Germans accused

IG Bau, the West German building worker's union, accused East Germany of stealing jobs in the recession-hit industry by sending cheap labour to West Germany.

### Tough line on drugs

India plans tough new laws to combat a growing menace of drugs passing through the country, according to the government.

### Soviet sacking

A Soviet police official in charge of an anti-corruption department in the northern Caucasus has been dismissed for abuse of authority after disclosures of a house-building scandal in the area. Page 2

### Bolivian measures

Victor Paz Estenssoro, newly installed Bolivian President, drafted emergency economic measures that are essential to save the impoverished Latin American country from bankruptcy. Page 4

### Opera trouble brews

Salzburg festival management told Italian opera director Piero Faggioni to go after he slapped festival director-general Otto Sertl in a row over casting topless witches in Verdi's Macbeth.

Business summary

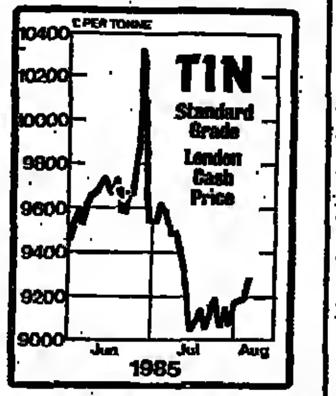
# Guinness' new bid splits Bell board

**BOARD** of Arthur Bell, independent Scotch whisky producer, appears split over acceptance of a higher revised £340m ($456m) takeover offer from Guinness, the Dublin-based brewing group. Page 6

**DOLLAR** eased in London, closing at DM 2.846 (DM 2.849), SwFr 2.36 (SwFr 2.3625) and Y238.35 (Y238.45) but was unchanged at FFr 8.69. On Bank of England figures, the dollar's index fell to 138.2 from 138.4. Page 23

**STERLING** lost ground in London, closing 80 points down at $1.3385. It also fell to DM 3.815 (DM 3.8325), FFr 11.63 (FFr 11.68), SwFr 3.165 (SwFr 3.1825) and Y319.0 (Y321.0). The pound's exchange-rate index fell 0.1 to 80.2. Page 23

**GOLD** gained $1 on the London bullion market to $321.25. It was also higher in Zurich at $321.75 Page 22




**TIN** prices rose on the London Metal Exchange; with the standard-grade cash contract up £59.50 to £9,286 a tonne, reflecting sterling's fall and underlying support from the International Tin Council buffer stock manager. **Commodities, Page 22**

**WALL STREET:** At 3pm the Dow Jones industrial average was 0.33 higher at 1,325.49. Page 30

**TOKYO** stocks were lower for the fifth consecutive session. The Nikkei-Dow market average fell 16.13 to 12,421.15. Page 30

**LONDON** equities settled near overnight levels but gilts firmed. The FT Ordinary share index eased 0.4 to 955.7. Page 30

**U.S.** merchandise trade deficit reached a record $33.4bn in the April-June quarter, according to the Commerce Department. The report covered trade on a balance-of-payments basis, excluding military trade and costs of shipping and insurance.

**WEST GERMAN** car industry, recovering from labour and production difficulties in 1984, looks set to achieve record output and exports this year.

**EEC** authorised the UK to block imports of artificial fibres from China after shipments that had been intended for other Community states threatened to damage the British textile industry. Page 4

**GENERAL MOTORS** is to investigate ways of complying with British Government requests to balance its imports by buying more UK components for its Vauxhall and Opel cars. Page 6

**L. F. ROTHSCHILD,** Unterberg, Towbin, the New York investment bank, has called off takeover talks with General Felt Industries, the New Jersey carpet maker controlled by Wall Street entrepreneur Marshall Cogan. Page 13

**GKN,** UK engineering group, raised half-year profits from £61.2m to £70.5m ($95m), including £4.4m resulting from a switch in exchange-rate accounting. The share price fell 10p to 210p. Lex, Page 12; Page 16

**SUPERFOS,** the Danish chemicals company, says its 1985 profits will be lower than last year. The company's shares fell sharply. Page 13

**AETNA LIFE** and Casualty, the biggest U.S. insurance group, plans to take a large shareholding in Spanish underwriting company La Estrella, for an outlay of up to $10m.

# UK to close two steel plants in bid to end state aid

BY IAN RODGER IN LONDON

THE BRITISH Steel Corporation is embarking on a new rationalisation programme aimed at turning it into a self-financing business from next year.

Two plants will be closed under the plan, which has been approved by the Government. But all five of BSC's integrated steelmaking sites, including the threatened Ravenscraig works in Scotland, will almost certainly be retained for at least three years.

The plan must now be submitted to the European Commission, which will decide whether it goes far enough to enable BSC to survive without government aid from next year, as agreed by EEC industry ministers. The Commission has indicated in the past its view that BSC should close one of its three integrated works that rolls wide strip.

The Government hopes to have deflected the Commission from that view by the agreement announced yesterday for BSC to buy the strip mill works of a small private south Wales steelmaker, Alphasteel, and then close it.

Mr Norman Tebbit, Britain's Trade and Industry Secretary, said yesterday that he did not expect any further big steel closures in Britain. The European Commission has said that another 25m tonnes of the EEC's annual steel capacity will have to be closed in the next five years, but Mr Tebbit said Britain would contribute only in a small way. "When you are looking for big amounts, they are not really here any more," he said.

**The agreement on quotas for EEC exports to the U.S. of 16 categories of steel products may prove only a temporary truce. Washington looks certain to seek permanent controls when talks on carbon steel begin next month. EEC members finally achieved the share-out of tonnages under the U.S. pact late on Tuesday night. Details, Page 2.**

The main points of the BSC plans are:

- The purchase by BSC and subsequent closure of the Alphasteel rolling mill, which has a capacity of about 1m tonnes a year, 14 per cent of the UK total. Alpha will continue to make steel for export at Newport.
- Modernisation of the highly successful steelworks at Llanwern in Wales by installing continuous casting equipment taken from the Alphasteel works.
- Agreement in principle to set up, with Government financial support, a 50-50 joint venture combining the engineering steels businesses of BSC and Guest Keen and Nettlefolds (GKN), the so-called Phoenix 2 project.
- Investment in a second reheat furnace at the Port Talbot works in South Wales.
- Closure of the Gartcosh cold rolling mill for wide strip in Scotland, with the loss of 710 jobs.
- No new investment by BSC in coke ovens.

Over the past decade, BSC has closed several big plants and eliminated more than 150,000 jobs. But it continued to make huge losses, and has only returned to modest profitability in the past four months. Sir Robert Haslam, BSC chairman, said last month that the next goal was to achieve a trading profit of about £200m ($270m) a year, sufficient to enable the corporation to avoid new borrowings. The measures announced yesterday are aimed at helping BSC to achieve that goal.

They were welcomed by Mr Tebbit.

**Delicate balancing act, Page 6; Editorial comment, Page 10; Lex, Page 12**

# Crédit Lyonnais resists call to repay state loan

BY DAVID MARSH IN PARIS

CRÉDIT LYONNAIS, France's second-largest state-owned bank, is resisting a government request to repay early a FFr 500m ($57.6m) low-cost loan granted in 1980 to help to strengthen its balance sheet.

Government officials yesterday confirmed that the Finance Ministry, which is searching for funds from public-sector companies to help to keep down the budget deficit, had asked the bank to repay the loan, which is not due in full until 1995.

M Jean Deflassieux, the Crédit Lyonnais chairman, says early repayment would harm the bank's financial structure at a time when it has been making great efforts to improve its earnings performance.

The differences of opinion between Crédit Lyonnais and M Pierre Bérégovoy, the Finance Minister, come at a sensitive time for the Government. It has already served notice that it will be squeezing financing for the state banking and industrial sector next year as part of its general efforts to hold down public spending in the 1986 budget.

The Government last year asked other public-sector bodies – including the Aéroports de Paris group and Gaz de France – to speed up repayment of public-sector loans. But this is the first time that it has turned to the banking sector to seek reimbursement of state aid. Officials emphasised yesterday that no final decision on the matter had yet been taken. It will eventually be up to the Crédit Lyonnais board to decide whether or not to accede to pressure from its state shareholder.

The FFr 500m loan was granted to Crédit Lyonnais in 1980 to help to strengthen its capital structure, weakened by a loss in 1974 that was the result of a disastrous strike at the bank.

The move by the previous administration under President Valéry Giscard d'Estaing, caused great controversy at the time. Several other big French banks complained vigorously that it gave an unfair advantage to their competitor.

Crédit Lyonnais, although seeing its results improve in the last few years, has still not completely overcome the effects of setback during the 1970s. Although it has made a big effort to boost provisions in recent years, its capital/asset ratio is lower than for the other two big nationalised banks Banque Nationale de Paris and Société Générale.

Crédit Lyonnais officials said yesterday that the proposed early repayment would not affect the bank's efforts to respect recently tightened Banque de France capital ratios, but would affect its financial equilibrium. The loan under the 1980 agreement is repayable in steps over 15 years, with an initial portion due to the Government next year.

It carries a very low interest rate of about 5 per cent, made up of a basic rate of 2 per cent and an additional fluctuating margin, dependent on its productivity performance compared with the other big French banks.

The Finance Ministry claims that Crédit Lyonnais can easily replace the loan by going to the much-

**Continued on Page 12**

# Foreign stake in French DBS

BY DAVID MARSH IN PARIS

HALF of the company being set up to commercialise France's TDF-1 television satellite will be held by foreign partners. Europe's first direct broadcast satellite (DBS) is due to be launched in July next year.

A group owned by Mr Robert Maxwell, the British press magnate who owns the Mirror newspapers, will be the biggest foreign shareholder, with 20 per cent.

Sig Sylvio Berlusconi, who runs Italy's biggest private television venture, will have 8 per cent, the Dutch electronics group Philips 5 per cent, and 17 per cent will be shared by the Luxembourg financial institutions Sofilec and Marner.

As expected, 50 per cent of the capital of the company running the satellite will be in French hands. The state will hold a blocking minority of 34 per cent, with the rest owned by organisations including Aérospatiale, the state aerospace group and Crédit Agricole, the farm co-operative bank.

The bringing in of foreign partners marks France's determination to make the satellite project as international as possible. It seems likely to broadcast French, German and English services.

Although the make-up of the programmes on the four-channel satellite has not yet been decided, Compagnie Luxembourgeoise de Télédiffusion, the Luxembourg broadcasting group, will probably have an important role in putting together the services.

The satellite has cost about FFr 1bn ($115m) to build under a Franco-German venture first decided at the end of the 1970s. It will be capable of reaching an audience of 150m people across a wide swathe of Western Europe. Reception will be through dish antennae fitted to the tops of buildings.

M Jacques Pomonti, the head of France's Audiovisual Communications Institute, who has been in charge of putting together the company since the end of last year, said last night the initial capital of the company would be FFr 30m, eventually rising to FFr 600m.

M Pomonti has been holding talks for several months with a range of international candidates interested in the project, including a number of U.S. institutions. The interest of British groups in the TDF-1 satellite is thought to have increased significantly after the collapse earlier this summer of efforts to put together a British direct broadcasting project.

One of the channels on the satellite will be taken up by a broadly based European-oriented cultural service, which the Government agreed to help develop last week with FFr 700m in public money.

Several candidates have been put forward to lease an English channel on the satellite. They include the group run by Mr Rupert Murdoch, Mr Maxwell's arch-rival, who already beams to cable operators his Sky Channel service through the ECS European communications satellite system.

# Italian troops line up for war on Mafia

By Alan Friedman in Milan

A 1,000-strong contingent of policemen and paramilitary Carabinieri was flown to Palermo yesterday as the Italian Government reinforced its position in what is being widely seen as a new declaration of war by the Mafia against the state.

The troop movement to Sicily comes amid escalating Mafia violence, two coldblooded murders of top police officials in the past fortnight, and a situation in Palermo which yesterday was being described by several Italian politicians as a "state of siege."

A statement from the office of Sig Bettino Craxi, the Prime Minister, spoke of taking "extraordinary measures against the bloody offensive by the Mafia." The Italian Prime Minister said he would use "all the powers of the democratic state to combat the Mafia."

An emergency cabinet meeting was convened on Tuesday evening a few hours after Sig Antonio Cassara, deputy police chief in Palermo, was shot dead by several men using Soviet-made AK-47 Kalashnikov rifles. The barrage of more than 200 bullets left Sig Cassara and a police guard dead and a third policeman seriously wounded.

Yesterday morning, Sig Luca Orlando, Mayor of Palermo, and Sig Rino Nicolosi, president of the regional government of Sicily, flew to Rome for crisis meetings with the Prime Minister. Yesterday afternoon, President Francesco Cossiga flew to Palermo to demonstrate the solidarity of the Italian state with the anti-Mafia forces in Sicily.

Sig Cassara's murder came only hours after his own police chief in Palermo was removed by Sig Oscar Luigi Scalfaro, Italy's Interior Minister, after the mysterious death last Friday of a key Mafia suspect inside his maximum security cell at Palermo police headquarters. Sig Cassara was to have become the new police chief. The suspect found dead was being held for questioning about the Mafia killing less than two weeks ago of Sig Giuseppe Montana, a leading anti-Mafia police commissioner.

Sig Orlando, the young and determined new mayor of Palermo, has demanded fresh aid from the Rome Government, declaring: "We cannot cope on our own." The mayor added: "Either there is national action against the Mafia or Palermo and Sicily will be lost. We will lose any hope of being saved."

Sig Nicolosi, the regional president, spoke of a "frightening spiral" and said Sicily was now in the

**Continued on Page 12**

# Brittan denies effort to censor BBC

BY RAYMOND SNODDY IN LONDON

MR LEON BRITTAN, the UK Home Secretary, insisted yesterday thet the independence of the BBC was "unchallenged and unchallengeable."

He said that the question of censorship did not arise over a television documentary about Northern Ireland that had been banned by the state broadcasting service's board of governors after representations by him.

Mr Brittan said he felt as strongly about the independence of the BBC as if he was the director general or chairman himself. "What I object to is the advocacy of violence, murder and maiming on our screens by the very people who are known to be public supporters of such aims," Mr Brittan said.

Mr Brittan was speaking after a two-hour meeting with representatives of the BBC board of governors and management on the day that news broadcasts throughout Britain and on the BBC's External Services were blacked out by a protest strike.

The banned documentary, At the Edge of the Union, examines polarisation in Northern Ireland. It was to have been shown last night, but the Government-appointed board of governors voted last week not to broadcast it. The governors reaffirmed that decision on Tuesday.

The BBC was showing a recorded Frank Sinatra concert last night in place of its main 9pm news bulletin and the banned programme.

The film includes interviews with two elected councillors in Londonderry, Mr Martin McGuinness of Sinn Fein, political wing of the Irish Republican Army (IRA), and Mr Gregory Campell of the Democratic Ulster Unionists, one of the Protestant parties in the province. Some British newspapers have alleged that Mr McGuinness is a leading figure in the IRA itself.

Mr Brittan last month told the BBC that it would be "contrary to the national interest" for a film featuring an interview with one of the alleged heads of the IRA to be shown. He made the request without having seen the film or a transcript. Mrs Margaret Thetcher, the Prime Minister, had previously said she would "condemn utterly" the broadcast of any such film.

There were growing signs last night that the row was on the way to being defused. The board of governors seemed to be aware that attempts had to be made to heal the rift that has opened between the governors and the management. The BBC's board of management was reported to have considered

**Continued on Page 12**

**Power struggle, Page 6; Editorial comment, Page 10**

# Saudis may retaliate against EEC tariffs

BY OUR MIDDLE EAST STAFF

SAUDI ARABIA may impose customs duties of 20 per cent on imports from the EEC in retaliation for the European Commission's decision to set a tariff of 13.4 per cent on its petrochemical exports, according to one of its state-supervised newspapers.

Yesterday the Saudi Gazette, the Jeddah English-language daily, quoted an unidentified official of the Gulf Co-operation Council (GCC) as saying that a decision would be taken when foreign ministers of the six-member co-ordinating body next meet. The GCC, which is attempting to harmonise tariff policy, groups Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman. The next foreign minister's meeting is expected to take place before the GCC summit, scheduled for Muscat, Oman in November.

The statement was prompted by the European Commission move to impose the tariff on linear low density polyethylene (LLDPE) on the basis that Saudi Arabia had exceeded its quota under the Generalised System of Preferences (GSP).

Saudi Arabian Basic Industries Corporation (Sabic), the state industrial holding company which has foreign partners in three 50:50 joint ventures producing LLDPE, issued a statement yesterday saying that the tariff was "based on exaggerated data and unfounded fears."

It claimed that Saudi exports amounted to only 1 per cent of EEC consumption and that "four or five" plants with a capacity of 400,000 tonnes were planned in the Community. "With such increased demand in the offing, Saudi Arabia's modest exports should hardly be raising alarms."



## CONTENTS

# EUROPEAN NEWS

## Palme accepts invitation to visit Moscow

BY DAVID BROWN IN STOCKHOLM

SWEDISH Social Democratic Premier, Mr Olof Palme, yesterday accepted an invitation to make an official visit to Moscow after the general election here in September.

The decision marks a major step towards normalising relations with the Soviet Union, which have been sour since a Soviet submarine ran aground in late 1981 in restricted waters outside the country's main naval base at Karlskrona.

The announcement follows a two-day visit to Sweden by the Mr Viktor Maltsev, Soviet vice foreign minister, the most senior official from his ministry to come here since the 1981 incident.

Mr Pierre Shori, Sweden's secretary of state for foreign affairs, said that despite violations of Swedish territory, "there has been a gradual and clear improvement in Swedish-Soviet relations to the extent that the diplomatic temperature can now be called normal."

He stressed, however, that the visit would depend on "continued respect for Sweden's territorial integrity." The trip also depended on a Social Democratic victory this September.

The Government has been at pains to improve the diplomatic climate with Moscow, and the announcement follows an exchange of several lower-level ministerial visits.

That Mr Palme's decision has been taken in the midst of a hotly contested election campaign suggests a consensus on the broad need to improve relations with the Soviet Union.

## Mercedes cars please U.S. owners most

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

MERCEDES CARS, produced by Daimler-Benz in West Germany, have maintained their position at the top of the J. D. Power customer satisfaction index, claimed to be the ultimate measure in the U.S. of the quality of cars and the backup service provided by manufacturers and dealers.

Jaguar moved up the rankings for the third year in succession and in the 1985 index is fifth place. However, BMW, Mercedes' major rival in West Germany, dropped again, this year from seventh to 14th.

Power pointed out yesterday that BMW remained above the industry average—29 different marques are evaluated—and there was nothing in the research to indicate specific problems with any of the BMW models sold in the U.S. However, the service provided by BMW dealers had cost the company points in the rankings.

In contrast, Jaguar dealers "are doing an exemplary job"

Power stressed that the index reflected customer satisfaction and was not only about the quality of cars sold in the U.S. Great weight is given to how customers evaluate their experience when their cars were serviced—"so the index is as much a test of the dealers as the cars."

The index is studied avidly in the U.S. and described by Power as the ultimate measure of car quality because it is based on the reaction of owners after they have had 13 or 14 months' experience with their vehicles. Most have driven their cars more than 12,000 miles and have had two or three experiences of dealer service.

More than 30,000 six-page questionnaires are sent to owners across the U.S. and about 10,000 are returned.

While some manufacturers suggest it is impossible to compare luxury imports with value-for-money, small domestic cars, Power believes it has enough experience to produce a valid index and points to the fact that Subaru of Japan comes second to Mercedes.

Toyota and Honda also are ahead of Jaguar which pushed Lincoln, Ford's luxury car division, into sixth place.

Peugeot came bottom of the rankings, thus enabling American Motors-Renault to escape this position, but only by one place.



## Portugal plans to ease foreign investment

By Our Lisbon Correspondent

EUROPEAN INVESTMENT in Portugal will be considerably easier when the country joins the European Community next January, under a new law which aims at cutting through some of the bureaucracy that has frustrated and deterred investors.

Next year, investment projects originating in EEC countries up to a value of Ecu 1.5m (£870,000) will be approved unchallenged. The ceiling will be raised by 20 per cent each year until 1990 when all limits will be dropped.

A key measure will give Portuguese government bodies a maximum of two months to vet foreign investment projects. If no decision is made by the deadline, approval will be automatic. Currently, all potential investors must obtain the go-ahead from the Foreign Investment Institute and applications are often delayed by the need for approval from the relevant ministries and regional organisations.

Portuguese investments in EEC countries will be subject to prior approval until 1992. Restrictions on real estate purchases in Portugal by Community residents will be lifted in 1990 but Portuguese wishing to buy property elsewhere in Europe will have to wait until 1992 for free access.

## Iranian refugees fear end of escape route

OSLO – An escape route for dissidents and deserters from Iran's war with Iraq that brings thousands of Iranians to Scandinavia via Turkey is under threat, according to refugee groups.

The groups that help the Iranians seek asylum in Scandinavia have been shocked this week by a Norwegian decision to send six Iranians back to Turkey, where they say they are in danger of being sent home to imprisonment or death by firing squad.

Norwegian refugee worker Annette Thommessen told Reuters the decision to send the Iranians, who arrived in Norway last week, to Turkey may rebound on the Government.

The country only has about 100 Iranian refugees, whereas Denmark and Sweden have taken thousands. "Now it's Norway's turn," she said. The six expelled last week had changed hotels because they had seen Iranian agents nearby, she said.

There is only one recorded instance of Iranians expelled from Scandinavia being sent back to Iran from Turkey, but the refugees say they are at risk and Iranian secret police are often sent to capture them.

Norwegian Justice Ministry officials denied at a news conference that Oslo had hardened its attitude to Iranian asylum seekers, but confirmed that eight applications last week were dealt with in 24 hours and that agreement to reject was made over the telephone.

The route to Scandinavia depends on an undercover operation via Turkey. Refugee workers said Iranians paid large amounts to organisations to be smuggled across the border into Turkey, where they were supplied with Turkish currency.

Many refugees told of friends who had been swindled by organisations that took their money and failed to turn up at rendezvous to lead them to Turkey. Some had been captured by Iranian guards on the border. Their fate was unknown.

Sweden has taken some 8,500 Iranians, but its open-door policy has been strained by a flood of refugees. It has received more than 15,000 since 1982.

Denmark, with several thousand Iranians, last month saw rioting in the port of Kalundborg, when 500 youths stormed two hostels housing 60 Iranians. The Government condemned the violence as racist, and ordered more protection.

The United Nations High Commissioner for Refugees (UNHCR) hurriedly dispatched two representatives to Norway this week for talks with Justice Ministry officials, but they denied they had criticised Norway's policy.

Reuter

## Storms bring death and devastation to parts of Austria

BY PATRICK BLUM IN VIENNA

GALES AND torrential rain in Austria have claimed at least 10 lives and caused devastation in several provinces. Main roads and railway lines have been cut and rivers have flooded parts of the central and eastern regions of the country.

Road traffic over the Brenner Pass, an important route between northern and southern Europe was partly restored yesterday after landslides on Tuesday blocked both the motorway and a parallel main road.

In the Tirol, which bore the brunt of the storms earlier in the week, conditions have improved slightly. On Tuesday several small towns were cut off and Innsbruck, the provincial capital, was partially flooded. Police in the Tirol said yesterday that seven people had been killed and many others injured by the storms.

The improvement in the Tirol was due to unexpected snow falls above 1,800 metres which reduced the downpour, but this is now causing concern about the safety of cattle left to graze high in the mountains.

Railways have also been hit. The main line between West Germany and Italy has been closed south of Innsbruck and traffic diverted through Switzerland.

In Salzburg province, also severely affected by storms, two people have died, a bridge has collapsed and three border posts with West Germany have had to close. The city of Salzburg, where the music festival is at its height may have just escaped serious flooding. The River Salzach rose to 50 cm from the top of its banks.

Shipping has been halted on the Danube which has reached record levels, frequently overflowing on adjacent roads, and firemen have been put on full alert to cope with flooding.

The level of the Danube in Vienna, which is full of tourists, more than doubled over Tuesday night and were rising yesterday at 10-15 cm an hour.

## Dispute erupts in Spain over payments to Eta

BY DAVID WHITE IN MADRID

A LEGAL controversy has broken out in Spain over the lenient treatment of people alleged to have sent money out of the country illegally to meet ransom and extortion demands by Eta, the Basque separatist organisation.

An examining magistrate's decision not to prosecute the wife of a kidnap victim for using a currency smuggling ring has been followed by the disclosure of recent acquitals in cases involving the payment of Eta's so-called "revolutionary tax."

This "tax" is levied mainly from small businessmen in the Basque region and collected across the border in France. Newspapers reported yesterday that three people had been acquitted in recent months in closed court sessions, where they were presumably facing charges of breaking currency laws by paying the "tax."

The decisions go against the Socialist Government's decision to tighten up laws against the payment of extortion money to Eta.

The controversy was sparked off when Sr Luis Lerga, the examining magistrate in charge of monetary offences, said charges would not be pressed against the wife of Sr Diego Prado y Colon de Carvajal, a businessman whom Eta kidnapped in Madrid in March, 1983, and held for more than ten weeks.

His wife is alleged to have paid Pta 16m (then about $115,000) into a capital evasion network to cover a ransom payment made out of Switzerland.

The case came up in the "Palazon affair" in which a former Spanish consul-general in Geneva — currently missing —is accused of running an operation for the aristocracy and the diplomatic service to get money illegally out of Spain. Five people have been released on bail in the case.

Sr Lerga said prosecution over the ransom money lacked "legal and moral foundation." The victim's wife acted out of necessity and not for personal profit, he said. Evidence against 10 others linked to the Palazon affair was also insufficient to justify taking them to court, he said.

Lawyers for the Communist-led Workers' Commissions trade union, which has pressed for prosecutions, attacked his ruling about the ransom money, claiming that he had overstepped his powers and that the decision was premature.

Sr Lerga, who gained prominence as the magistrate in charge of the case against the former business magnate Sr Jose Maria Ruiz-Mateos, has frequently been accused of publicity-seeking. The Palazon affair, which surfaced in February, brought him back into the limelight, in what some members of the business class saw as a petty witch-hunt instigated by the Socialists.

M Willy de Clercq: measures set no precedent

## EEC steel peace with U.S. may not last

By Ivo Dawnay in Brussels

AGREEMENT between the European Community and the U.S. on export quotas for 16 categories of EEC steel products until the end of the year may prove only a temporary truce, officials believe.

Although M Willy de Clercq, the EEC Trade Commissioner, insisted throughout the negotiation that the measures set no precedent, Washington looks certain to seek permanent controls on sales when talks on carbon steel begin next month.

The final partition of the tonnages between member states was only achieved after painstaking negotiations late on Tuesday night. A key for determining each country's portion of the "consultative steels" package, which includes products ranging from axles to wire, was based on sales achieved over recent years.

A total tonnage of 198,000 short tons will give West Germany 46,600 tons, France 50,700 tons, Italy 10,700 tons, the Netherlands 7,900 tons, Belgium and Luxembourg 47,500 tons, Britain 24,000 tons, Greece 8,000 and Denmark 540 tons.

The figures apply to all sales between August and December 31, and come in addition to shipments already made this year. These are thought to exceed 430,000 tons for the first seven months.

The deal includes a special reserve tonnage of just under 2,000 tons, agreed on the insistence of the Netherlands.

Final acceptance by the member states was only reached after a partition of entirely separate quotas on pipes and tubes used by the oil industry had also been agreed.

This increased West Germany's share of this 257,700-ton quota by some 10,000 tons to 112,872 tons—a move Bonn viewed as the minimum acceptable for its industry.

## Pope sets off on third trip to Africa

VATICAN CITY – Pope John Paul sets off today on his third tour of Africa, aiming to reconcile the Christian message with local values in a continent where Roman Catholicism is growing fast.

He will visit six black African states with substantial Catholic communities before rounding off the 12-day trip with a brief stopover in Moslem Morocco.

While certain to enjoy the colourful displays of tribal dancing and singing that will greet him, the Pontiff cannot fail to speak out on Africa's grave problems of poverty, famine and armed conflict.

His 25,000km itinerary includes two countries – Togo and the Central African Republic – officially classed as among the world's poorest, although he will not be going to the nations worst-hit by famine.

"Efforts have been made to get invited to these countries, but it's not so easy, especially where there's a Moslem majority," said Father Roberto Tucci, the organiser of the trip.

Vatican officials speak glowingly of the spread of Catholicism in Africa. They estimate that 16 per cent of Africans are now Catholics, compared with 1 per cent at the beginning of the century.

## Soviet official sacked in homes scandal

MOSCOW – A Soviet police official in charge of an anti-corruption department in the northern Caucasus has been sacked for abuse of authority after revelations of a house-building scandal in the area, Pravda reported yesterday.

The Communist Party daily said the official turned a blind eye to people building private homes bigger than the permitted size and embezzling building equipment to sell back on the black market.







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# Pretoria praises Reagan for 'support' on emergency

BY OUR FOREIGN STAFF

SOUTH AFRICA, facing international protest over its clampdown on township unrest, praised U.S. President Ronald Reagan yesterday for supporting President Botha's decision to impose a state of emergency.

Relations between Washington and Pretoria have cooled recently, after the U.S. withdrew its ambassador to South Africa, Mr Herman Nickel, for consultations following a South African raid on Botswana in June. He has not yet returned to his post.

The commentary on South African radio, which normally reflects government thinking, said "South Africa has no more dependable ally in the western world than the President of the United States."

This praise appeared to have been prompted by Mr Reagan's comments at a press conference in Washington on Monday in which be suggested that action by the security forces was justified to curb violence.

"Just when South Africans must have begun to feel that every leader in the Western world was determined to see no justification whatsoever for the state of emergency . . . the President of the United States stepped in and hroke up the farce," the commentary said.

At the same time as South African police were claiming that there had been a dramatic deeline in township violence since the emergency was imposed 2½ weeks ago, rioting erupted yesterday in the black townships near Durban. This interrupted the relative calm which bas prevailed in the Natal capital for the past 11 months, which has contrasted with turmoil in other parts of the country. Durban is outside the state-of-emergency area.

Yonths burned down an administration office in Umlazi, near Durban, and fire crews refused to enter the township to put out the blaze for fear of stonings.

Meanwhile, dependents of the 19 black people shot dead by police and 36 who were injured during a funeral last Marcb in tha Langa township near Uitenhage have said they will sue Mr Louis Le Grange the Law and Order Minister and individual policemen for R2m (£858,000).

Mr P. W. Botha, the South African President, began talks with black homeland leaders yesterday in KwaNdebele, centred on plans to group scattered parcels of land north of Pretoria into a coherent geographical entity. A date for the small homeland's independence would also be discussed, a spokesman added.

KwaNdebele would become the fifth homeland to receive nominal independence. None is recognised internationally Mr Botha said afterwards the nations of South Africa would solve their own problems and not tolerate outside interference.

Jim Jones adds from Johannesburg: Political observers bere expressed scepticism yesterday at suggestions on state radio that important reforms in South Africa's apartheid policies were imminent.

The programme which is normally a reliable indicator of government thinking and which foreshadowed the July 20 imposition of a state of emergeney, had said important policy statements could be forthcoming soon.

Mrs Helen Suzman, the Opposition parliamentarian, doubted that fundamental constitutional reforms would he announced.

Ronald Reagan: "no ally more dependable"

# Mugabe threatens to 'eliminate' Zapu over dissidents

BY MICHAEL HOLMAN IN HARARE

MR ROBERT MUGABE, Zimbabwe's Prime Minister yesterday warned the country's opposition Zapu Party that unless anti-Government activity hy armed dissidents In Matabeleland was stopped, the party would be "eliminated."

Answering a question on government policy towards the dissidents from a baekbencb MP during Prime Minister's question time in the House of Assembly yesterday, Mr Mugabe said Zapu, led hy Mr Joshua Nkomo, "inspired dissident activity."

There was no reason to hold talks between the ruling Zanu-PF and Zapu, said Mr Mugabe, until the "criminal activities" in Matabeleland, the Zapu stronghold, ended.

He said: "It is in their [Zapu's] power to bring about an end to that banditry. If they do not, we will eliminate that banditry and, together with it, Zapu." He did not elaborate.

The Prime Minister's warning is the latest in a series of threats against Zapu, which won 15 of the 80 blaek seats in last month's general elections. Zanu-PF won 64 seats.

Last week 31 Zanu supporters, including an MP, were arrested during raids on Mr Nkomo's homes in Bulawayo and Harare.

Matabeleland bas been the scene of clasbes between Government forces and so-called dissidents, most of whom are thought to be former members of Zapu's disbanded guerrilla army.

The Government has long maintained that the dissidents act with the connivance and support of Zapu officials, including Mr Nkomo.

Earlier In the day an intruder carrying an axe was shot dead when attempting to gain access to Mr Mugabe's city centre offices.

Witnesses said the man, a hlaek in his 20s, had approached a metal security screen protecting the Prime Minister's office in the Munhumutapa building in central Harare.

When Mr Mugabe's bodyguards barred him from the heavily-guarded area the man ran off into the building's west wing which houses the Foreign Affairs and Finance Ministries.

He was shot and wounded in a corridor of the Finance Ministry, hefore jumping on to a roof where he was fatally shot.

He was armed with an axe and a large knife was found on his body.

# S. Pacific nuclear-free decision

By Michael Thomson-Noel in Sydney

THE 13-nation South Pacific Forum, meeting in the Cook Islands, yesterday endorsed an Australian proposal for a limited form of nuclear-free zone in the South Pacific—even though France eontinues to test nuclear weapons in the region.

The treaty commits the signatories—most of them tiny island states—not to make, buy or store nuclear weapons, not to test or station nuclear devices, nor dump nuclear waste.

Access by nuclear-powered or armed ships or aircraft will be left to individual countries.

The treaty was signed by Australia, New Zealand, Western Samoa, Niue, Fiji, Tuvalu, Kiribati and tha Cook Islands. Four more countries are expected to sign shortly. Vanuatu, which feels that the proposals do not go far enongh, may not sign.

Mr David Lange, New Zealand Prime Minister, who has banned nuclear ships' visits tn his country's ports said the treaty was a "good deal."

Mr Bob Hawke, Australia'a Prime Minister, claimed there was no conflict between Australia's wisb to press its anti-nuclear credentials and its determined role as a uranium exporter. Australia has a third of the world's low-cost uranium.

However, Mr Andrew Peacock, Australia's Liberal opposition leader, claimed Australia's security had been undermined by Soviet activity in the region and by tha collapse of the Anzus defence treaty between the U.S., Australia and New Zealand.

He said: "It is these developments that are of crucial importance and should concern us, not the proposal for a nuelear-free zone, which will have no effect on French nuclear testing but may well cause serious obstacles for the U.S. and ourselves in preserving regional security."

# Libya ends aid to Sudan rebels

COLONEL Muammer Gaddafi, the Libyan leader, was yesterday quoted saying he had stopped sending military aid to rebels in southern Sudan and that he wanted them to negotiate with the new military government in Khartoum, Reuter reports from Cairo.

He told the Egyptian leftist weekly newspaper al-Ahali in an interview that he halted arms supplies to the rebels after the April coup against President Jaafar Nimeiri.

Col. Gaddafi said: "We trained the southerners and supported them with our weapons against Nimeiri. But since the April 6 revolution, we are pressuring the insurgents to stop the fighting and to negotiate peace with the new government."

In Khartoum, the official Sudan newsagency Suna reported that Sudanese troops had recaptured the town of Gimmeiza from rebel forces in south Sudan and destroyed a camp, killing 149 rebel soldiers.

The agency said government units cleared rebel ambushes at Gimmeiza, on the Nile about 362 miles north of the main southern city of Juba, before retaking the town. It did not say when the action took place.

The agency reported the rebel soldiers were killed when government troops occupied a camp at a Sudan Safari in an apparently linked operation.

## Indonesian army command changes

MAJOR GENERAL Try Sutrisno, head of the army command in Jakarta, has been made deputy chief of staff, writes Kieran Cooke in Jakarta.

General Try has long been reported to be destined for high office in Indonesia.

The armed forces, which number about 400,000, have been undergoing a considerable reorganisation.

# Museveni attacks Ugandan army leaders

BY PATTI WALDMEIR

THE National Resistance Movement of Mr Yoweri Museveni, Uganda's leading guerrilla group, yesterday launched a sharp-worded attack on the country's new military rulers whose attempts to form a hroad-based caretaker government eontinue in difficulties.

In a statement distributed in Nairobi, the NRM accused Uganda's military leaders of complicity in atrocities committed by "the murderous regimes" of President Milton Obote—ousted in the July 27 coup—and former President Idi Amin.

In spite of the statement's tough wording the guerrillas said they would accept a government invitation to participate in talks, due next Monday, with General Tito Okello, the head of state.

Mr Museveni has said his terms for participating in government would include controlling half the seats on the already-formed military council—a demand unlikely to be met. Only four positions have heen reserved for Uganda's guerrilla groups in the proposed caretaker Cabinet, due to administer the Government until promised elections in a year's time, and the most important Cabinet posts of Interior and Defence have already been allocated.

Mr Museveni's intransigence, as well as the apparent reluctance on the part of the country's four opposition political parties to lend their support to government, bave led to fears that Prime Minister Paolo Muwanga may not be able to engineer a reconciliation of the various, bitterly opposed factions in the country.

Mr Museveni has called on his troops, which control parts of the central and western provinces—including the town of Fort Portal in the west — to observe a ceasefire at least until his planned meeting with Gen Okello. The statement, however, accused the military rulers of ignoring the goodwill of the guerrillas and appearing "hent on . . . pursuing the war path."

The statement denounced the Democratie Party, the leading opposition movement under President Obote, for co-operating with the new regime. Mr Paul Ssemogerere, party leader, was appointed Interior Minister in the new Cabinet on Monday.

# Japan faces breach of 1% ceiling on defence spending

BY JUREK MARTIN IN TOKYO

JAPANESE defence spending would be pushed through its politically sensitive ceiling of 1 per eent of gross national product if a recommended civil service pay increase announced yesterday is implemented.

The National Personnel Authority, an official agency, recommended to the Cabinet that all Government employees, including the military, be awarded an annual pay increase averaging 5.74 per cent, backdated tn April. On current economic projections any raise of about 2 per cent would break the ceiling.

The Cabinet is not bound to accept tha agency's advice. Last year, for example, it trimmed a proposed 6.44 per cent pay increase back to 3.37 per cent, which, with economic growth exceeding expectations at 5.5 per cent, kept defence spending just under the 1 per cent mark.

Japanese puhlic sector salaries have been held back under the Government's austerity programme since 1982. But the argument of the civil service that pay differentials with the private sector need remedying takes second place here to the recurrent issue of the level of defence spending.

Further impetus to this debate was provided yesterday by the coincidental publication of the latest annual defence White Paper. This document, clearly reflecting tha philosophy of Mr Yasuhiro Nakasone, the Prime Minister, employs unusually strong language in calling for a revival of patriotism and "the will to defend the country" against external aggression.

Significantly in the present political climate, the White Paper omits all reference to the 1986-1990 medium-term defence build-up, which the government has long said is needed if tha targets of the original 1976 defence outline are to be met.

Adoption of the medium-term plan; already made public in outline, would also entail a level of defence spending incompatible with the current ceiling. As a result, Mr Nakasona bad urged introduction of new more flexihle criteria designed to control but not, as be sees it, to hamstring the defence effort.

However, under pressure from his political peers, tha Prime Minister had on Tuesday backed off his preferred intention of getting Cabinet approval for the medinm-term plan before this month is out. He now seems reconciled to waiting until the political climate has cooled later in the year.

This is, in practice, the advice being offered by Mr Shintaro Abe and Mr Noburo Takeshita, the Foreign and Finance Ministers, though not necessarily for altruistic reasons. Both men have ambitions to succeed Mr Nakasone and would not mind seeing him undercut by the perception that he is mishandling such a sensitive issue.

The White Paper itself once again calls attention to what it sees as the growing military from the Soviet Union. This, it says, is unlikely to change under the new Soviet leadership of Mr Mikhail Gorbachev.

It points to increasing Soviet military activity in tha region, including a larger deployment (up to 85 from 80) of Backfire bombers in Siberia and greater Soviet naval movements in the sea lanes around Japan.

The appropriate Japanese response, the White Paper argues, is improved capability, especially in the air, to protect the sealanes. The medium-term plan itself calls for some shift in emphasis in favour of the air and maritime forces at the expense of the army, which now consumes easily the largest single share of defence spending.

# AMERICAN NEWS

## Burnham's successor may make changes in Guyana

BY CANUTE JAMES IN KINGSTON

THE DEATH of Mr Forbes Burnham, President of Guyana, is unlikely to bring any immediate change to the domestic or foreign policy of the English-speaking South American republic of 900,900 people.

Mr Burnham, aged 62 when he died of a heart attack on Tuesday while undergoing a minor operation for a throat ailment, had been at the helm of Guyana's Government for the past 21 years.

He established a style of leadership described by his colleagues in the ruling People's National Congress as being firm. His detractors have been less kind, repeatedly accusing him of constant violations of human rights and unfair electoral practices.

Mr Desmond Hoyte, the Vice-President who has assumed the presidency, is unlikely to make quick changes, although diplomats in Georgetown, the capital, expect soma changes in foreign and economic policy when he has settled in.

Mr Hoyte was chosen by the late President as the man most capable of fulfilling the dream of the "co-operative republic" that Mr Burnham had planned. It is based on a state-controlled economy backed by economic self-reliance and with an independent foreign policy, which in recent years has placed more emphasis oo relations with East European countries and Cuba.

Mr Burnham saw relations with the West, particularly the U.S., worsening to the point of open animosity. Ironically, when Mr Burnham took office just over two decades ago, it was with the blessings of the U.S., which preferred him to Dr Cheddi Jagan, the Marxist and once Mr Burnham's Cabinet colleague.

Despite his shift to the East, however, Mr Burnham had maintained: "I have never been an anti-Communist. I have never, nor will I ever be, a Communist." Mr Hoyte's inheritance is far from the co-operative republican dream that Mr Burnham and the ruling People's National Congress bad planned.

Mr Burnham left his successor with a mountain of political and economic difficulties which will tax the so far unknown qualities of the new leader. The credibility of Guyana's electoral system has been questioned not only inside the country but by human rights organisations in Europe and North America.

There has been a general doubt that the PNC's long rule truly represented the political will of the people. One of Mr Burnham's last public pronouncements was a definitive denial of requests from human rights organisations to observe the next general election, due in a few months. Mr Hoyte is expected to make efforts at mending fences with Washington – if only very slowly because of the risk of offending the more radical elements in the ruling party.

Whether that will come with progressive disengagement from the East remains to be seen, but the new president has in his favour the fact that be is not particularly disliked in Washington.

He will also have to decida on whether he will continue efforts at political co-operation with Dr Jagan started a few months ago, and which might go far in healing the racial divisions between the Afro-Guyanese, who support the ruling party, and the Indo-Guyanese, who back Dr Jagan. Dr Jagan is expected to reconsider co-operation and his own political future with the death of Mr Burnham.

An official of the opposition People's Progressive Party said on Tuesday that "the political computation" had changed and that tha PPP would be reassessing its role in Guyana's political future. Although Mr Burnham's fallow leaders in the Caribbean will publicly mourn his passing, he is not likely to be missed by many who have been disturbed not only by the accusations of human rights violations but also by Guyana's drift to the East.

Mr Hoyte may be able to take some time over the political changes he is likely to maka, but he will be hardpressed in dealing with economic matters. Mr Burnham has left his successor with an unenviable task of rebuilding a shattered economy.

The recent decision of the International Monetary Fund to maka Guyana ineligible for further credits has left Mr Hoyte with empty national coffers. Relations with the Fund over the past four years have been far from amicable, after the country's failure to live up to agreed performance criteria.

The IMF decision has caused an eod to urgently needed loan support from other sources. If Mr Hoyte decides to pursue an agreement with the Fund, he will have to tolerate economic recommendations, such as a significant devaluation, which might not be politically popular.

The new Presideot is hardly likely to be willing to risk such public disfavour until he has settled properly into Mr Burnham's seat. The weak economy is suffering a serious shortage of hard currency, which forced Mr Burnham to impose politically unpopular austerity.

Wheat and flour to make bread is included on a lengthy list of banned imports. For tha first time for four years, the economy recorded real growth last year of 2 per cent. The improvement was mainly the result of an increase in output by the state-owned bauxite industry, which grew by 55 per cent last year.

Mr Hoyte will also be challenged by the weight of the foreign debt of $1.3bn. The trade deficit for this year is forecast by the Finance Ministry at $160m, $56m more than in 1984. Guyanese who were not supportive of Mr Burnham are likely to dampen any expectations for quick change in post-Burnham Guyana. Mr Hoyte, with the political and economic challenges facing him, is likely to be more a tortoise than a hare.

## Bolivia takes aim at soaring inflation

By Hugh O'Shaughnessy

PRESIDENT Victor Paz Estenssoro, proclaimed Bolivia's new leader on Tuesday, is preparing to announce an emergency package aimed at stemming hyper-inflation.

Prices could rise by 50,000 per cent this year, according to Senator Gonzalo Sanchez de Lozada, the new president of the senate.

Announcing his cabinet on Tuesday, President Paz named Sr Guillermo Bedregal as Planning Minister and Sr Roberto Quisbert Finance Minister.

In his election platform, Sr Paz pledged to make peace with the International Monetary Fund and come to terms with foreign creditors on whose $3.6bn (£2.7bn) loans the Bolivan government have made virtually no service payments for nearly two years.

The new Bolivian leader has also pledged to decentralise the large state-owned mining corporation Comibol.

Sr Luis Pommier, tha outgoing Mining Minister in the government of President Hernán Siles, said that tin production this year might be no more than 12,000 tons.

Sr Pommier added that ENAF, the state smelting company, was tryiog to import tin ore from Peru in order to keep its plant going.

While tin ootput falls the illegal traffic in cocaine is booming. Colonel Nicolas Anaya, commander of the Leopards, a unit of the army charged with attacking the narcotics trade, said last mooth that at least 5 tonnes of cocaine base are shipped out of the country weekly.

### Peru strike ends

Peru's civil servants ended a 50-day strike yesterday after receiving a pledge that their pay demands would he studied, a senior government official said, Reuter reports from Lima.

Sr Guillermina Flores, head of the National Institute of Public Administration, said a high-level commission would consider the demands which inelode a 46 per cent pay rise.

The Government of President Alan Garcia, which took office on July 28, awarded increases of 15 per cent.

## America's summer pastime wins tentative reprieve

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

FOR THE PAST few weeks, small boys have been appearing at baseball grounds with large signs addressed to their player heroes, pleading "please don't strike." Old-timers have been nostalgically recalling the golden days of the game's "age of innocence," before television and advertising transformed the hallowed national pastime into a cynical, multi-million-dollar industry.

Congressional leaders have appealed to Mr Peter Ueberroth, the former master-mind of the Los Angeles Olympics, now Baseball Commissioner, to patch up an agreement that will allow play to go on. Fans have threatened to "strike back" by withdrawing their support. But on Tuesday night the major leagues ground to a halt, about two-thirds of the way through the season, after players and owners failed to meet a strike deadline set by the players for agreement on a new contract.

The last strike went on for 50 days and ruined the 1981 season. This time, there are high hopes that such a disaster can be averted—last night Mr Ueberroth's office announced that a "tentative understanding" was in the works. If a deal actually materialises the nation will heave a unanimous sigh of relief. If the strike were to persist, tha nearly 700 players would by their own estimata, be losing just under $2,000 each a day, and the ownars untold millions in ticket sales and TV revenue.

Worst hit, however, would ba the thousands of innocent people who depend on the game for their livelihood, the ushers and concessionaires, the beer and hot-dog sellers, and restaurant and hotel owners.

In 1981, public opinion was fairly evenly divided between the players and owners. This time, tha polls show that many people are equally disgusted with both for risking ruining the American summer. But the majority of the nation's 30m fans ara bitterly blaming the players.

Most of the scores of fans who hava been interviewed by the media in the past few days have said precisely tha same thing. Whatever the rights and wrongs of tha dispute, they can have no sympathy with people who earn an average of $363,000 a year going on strike for more money.

Money, of course, is at the heart of it. The owners claim that they can no longer afford the spiralling pay increases unleashed by changes in the salary structure over the past 10 years or so. Whereas in 1974 the average major league salary was a modest $38,000 a year, "super-star" players now easily earn $1m.

The owners, who have "opened the books" to make their pitch, say that the 26 major league teams are facing collective losses of $40m and that many of the smaller clubs are nearing the end of the road.

The players, needless to say, do not accept the owners' figures, claiming that the estimated $40m loss should be a $9m profit. They point out that a team recently changed hands for $50m. That may be so in one case, say the owners, but nine of the 12 teams to have been sold in the 1980s went for less than $20m and there are no takers for teams currently on the market.

Specifically, the players have insisted that there must be no change in the lucrative system that allows any player with more than two years experience to file for salary arbitration by a professional adjudicator. The arbitrator chooses between a figure submitted by the player and an alternative offered by his club. Last year, for example, the Boston Red Sox offered a star player $675,000 and he asked for $1m. The arbitrator awarded him the $1m.

The owners want the qualifying period for arbitration extended from two to three years, and a "cap" of 100 per cent set on the salary increase that an arbitrator can award.

The owners have been equally strongly resisting the players' second main demand, which is an increase from $15.5m a year to $60m in the owners' contribution to their pension fund. The players argue that the owners have traditionally chipped in one third of their TV revenue, and that the new figure is justified by a 1984 TV deal worth $1.1bn over six years.

That demand seems more open to negotiation — and the players have retreated to the extent of proposing that some of "their" $60m should be used for revenue-sharing with the smaller clubs.

Fundamentally, the argument is between tha advocates of boundless free enterprise (the players) and those who argue that baseball must retain some features of an oligopoly if the league system is to survive (the owners).

The players hava some public sympathy. They work only half the year and are mostly "burned out" by 40 — and, of course, they provide fabulous entertainment at wages considerably lower than those, say, of a Las Vegas cabaret star. But 43 per cent of the fans in a recent New York Times/CBS News poll sided with the owners, and only 25 per cent with the players.

Most support for the players came from blacks and those with the lowest incomes — the people for whom sport is the greatest fantasy outlet as a dream ladder to riches.

The poll showed that 63 per cent of the general public thinks that baseball players are a good role model for their children, despite the recent spate of drug scandals. Children are probably the nation's most avid fans. The older generation that remembers tha "age of innocence" does not believe that going on strike at $363,000 a year is setting a very good example of American values.

## U.S. gets tough on education loan arrears

By William Hall in New York

THE U.S. Government will withhold income tax refunds from as many as 2m of its citizens who have defaulted on some $4.1bn (£3bn) of government subsidised student loans.

The U.S. Department of Education has asked the Internal Revenue Service (IRS) to withhold income tax refunds from 1m former students until they start paying back their loans which were taken out to pay for higher education. A million other borrowers will be notified that they will be denied federal tax refunds next year unless they make good on loans made by state agencies and insured by the Federal Government.

The U.S. Government will begin notifying the former studenta next week and has given them 60 days to begin repaying their loans or work out a repayment plan.

Mr William Bennett, the Federal Education Secretary, says that the decision to call in the IRS is a "major step which should show loan defaulters that we are deadly serious about collecting their debts to the American taxpayer."

The U.S. Government has been embarrassed by the rapidly rising rate of default on its student loan programme and has recently been taking a much harder line in collecting its money.

The Government has made $50bn of loans under the Guaranteed Student Loan programme

The decision to call in the IRS, which is described by officials as "the ultimate trump card," is the latest in a series of measures to try and recover the U.S. Government's money. Earlier this year the Government turned over the names of loan defaulters to credit reference services and asked the Department of Justice to begin prosecuting 16,000 people

It is estimated that between 5 per cent and 8 per cent of Americans who borrow money to pay for their higher education have defaulted

### U.S. gold reserves

U.S. gold reserves are worth $11bn at the official rate of $42.22 per fine troy ounce. The totol value was mis-stated yesterday because of a typographical error.

## London twins with capital of Nicaragua

THE GREATER London Council (GLC) has formally twinned London with Managua the capital of Nicaragua this week, writes Tim Coone in Managua.

In a letter delivered to Sr Samuel Santos the Mayor of Managua, on Tuesday, Mr Tony Banks, the chairman of the GLC, wrote: "We have chosen Managua because we wish to demonstrate our political solidarity with your city at a time when it is threatened by the war-like attitude of the current administration in the United States."

The GLC is to be dissolved in March next year. However Mr Ken Livingstone leader of the council, said last month that economic assistance projects would be established in the coming months, which could be set up independently to give continuity to the newly created links between London and Managua even after the dissolution of the GLC.

# WORLD TRADE NEWS

**David Barchard** reports on AECL's plans to build a power station on the Mediterranean

## Canadians set to win Turkish nuclear race

MARATHON negotiations between Atomic Energy Canada (AECL) and the Turkish Government are likely to end in agreement to build Turkey's first nuclear powerplant at a total cost of $900m (£667m) sometime in the autumn.

Sighs of relief are likely to be loud on both sides. AECL the Canadian state-owned corporation has been pursuing the contract for the 635 Mw plant for the last four years.

In 1982, the Government actually issued a letter of intent to AECL and to Kraftwerk Union, the West German nuclear energy corporation (KWU) and General Electric of the U.S. But in the following months nothing happened.

In January this year, Turkish officials again announced that two companies — this time AECL and KWU — would go ahead and build nuclear power stations at Akkuyu on the Mediterranean. The decision raised some eyebrows since the two corporations were offering entirely different nuclear technology.

By the summer, KWU had signalled that it was out of the Turkish nuclear race. GEC had dropped out more than a year earlier because of lack of finance and doubts about the suitability of its proposed site at Sinop on the Black Sea.

The Turkish Government is likely to be doubly pleased that agreement is now in sight. Firstly it will have taken a major step to forestall a potentially unmanageable energy deficit by the end of the century. Secondly, it will have proved that its own original formula, the so-called Ozal model, under which it is hoped foreign companies will finance, build and operate major infrastructure projects, is a workable proposition.

About 70 per cent of Turkey's total national energy consumption is imported. Electricity consumption was 29bn kwh in 1984 and is expected to rise to around 200bn by the late 1990s or early next century. Turkey even has to purchase about 7 per cent of electricity consumption from the Soviet Union and Bulgaria and is hoping to tap the national grids of other neighbours in the next few years.

### Slow moving

Major hydroelectric projects such as the 2,400 MW Ataturk high dam on the Euphrates are being pushed through. But Turkish officials concede that this will not meet tha country's likely consumption if it succeeds in becoming a fully industrialised economy.

A major lignite-fuelled plant at Afsin Elbistan, hailed in tha mid-1970s as the answer to the country's energy problems has turned into a costly slow-moving nightmare, but the government still sees coal as an important source of diversifying the country's energy sector.

Turkey has enough proven uranium reserves to supply three nuclear plants for at least 30 years.

Hence the proposal, now being offered to would-be builders of nuclear and coal fired stations, that they should come into Turkey in a joint venture with a Turkish government agency, probably the Turkish electricity authority.

The aim would be to build and operate a plant for 15 years and then sell it back to the Turks at the end of the period, so that Turkey would be able to produce extremely cheap energy for the second half of the station's life.

The Ozal model was first put forward in September last year when it appears to have scared off KWU. German officials say there is no precedent for such a joint venture and its size—put by them at over $1bn—is far larger than any other existing West German foreign investment.

Others have not been deterred however. In addition to AECL, Westinghouse of the U.S. has repeatedly made an offer which Turkish officials describe as "very attractive." Westinghouse's offer however does not appear to include the necessary financial backing.

Three companies — Bechtel of the U.S., Seapack of Australia, and BBC of Switzerland are currently negotiating with the Turkish Government to see if they can build and operate coal-fired plants. Talks are said to be proceeding slowly.

The main interest focusses on the deal between AECL and the Turkish Government.

The deal involves a series of contracts between AECL and its partners NEI Parsons of the UK which will make the electrical generating equipment, Enka of Istanbul, AECL's local partner, and the Turkish Government.

Of the estimated $1bn cost, $800m is expected to be financed from the Canadian Government export credits and a joint venture with capital of $125m.

### Peaceful

The exact equity share of the two partners is still being negotiated, but AECL is likely to take a stake of between 55 per cent and 60 per cent of the equity together with Parsons, while Turkish partners (probably TEK) will hold the rest.

"There is no determination yet," says an AECL official in Ottawa about the exact form the financing will take or whether it will be equity or investment in the plant. But we do expect a decision on this shortly."

As a possible prelude to the deal Turkey and Canada signed the necessary agreement on co-operation for the peaceful use of nuclear energy in early July.

AECL expects the plant will take about six years to build and is confident that the electricity it produces will be competitive with the average cost of electrical energy available in Turkey from other sources such as oil, gas, coal or hydroelectricity even during the initial 15 year period of the joint venture.

This belief is in sharp contrast to that of KWU which appears to have felt that it would only be able to produce at an embarrassingly high cost per Kwh under the "Ozal model."

If as expected the AECL deal goes ahead, it will—aside from the military backed project to co-manufacture F-16 jets—be by far the biggest foreign investment Turkey has ever had. Last year only $96m flowed into the country in foreign capital.

In addition it will be a powerful shot in the arm for Canada's nuclear industry and justify the large sums which AECL has spent keeping the talks going with an office in Ankara and officials shuttling backwards and forwards between Turkey and Ottawa.

It will also offer the Turks the chance to tap top quality international management and technology, especially necessary after the embarrassing flop of the lignite-fuelled plant at Afsin-Elbistan where Turkish management and technology tried to go it alone.

Some nagging questions persist. Who would foot the bill if something went wrong in such a deal? It is unlikely that Turkey will ever decide, as Austria did, to hold a referendum on the nuclear energy issue. But unforeseen snags could still crop up.

## U.S. probes allegations of Hitachi dumping

THE U.S. Justice Department is investigating allegations that Hitachi of Japan engaged in predatory pricing in its attempts to outsell U.S. competitors in a depressed American semiconductor market, AP-DJ reports from Washington.

The investigation was disclosed by Senator Pete Wilson, a California Republican, who released a letter from Mr Charles Rule, acting assistant attorney general for antitrust, stating that his division has "opened an investigation into possible predatory conduct by Hitachi and is actively pursuing it."

Mr Charles Stark, who is in charge of foreign commerce matters for the antitrust division, said the description of the case in the letter to Mr Wilson "squares with my understanding of it."

The giant Japanese electronics producer, along with six other Japanese microchip makers, faces separate charges of unfair pricing lodged with the U.S. Commerce Department and the U.S. International Trada Commission.

Predatory conduct by any company is usually hard to prove, but a Justice Department finding that Hitachi engaged in such behavior could lead to civil suits from U.S. competitors and claims for triple damages.

The Justice Department is focusing on a memorandum Hitachi sent to its U.S. salesmen telling them to consistently quote semiconductor prices 10 per cent below whatevar U.S. competitors offered, according to an aida to Senator Wilson.

The so-called 10 per cent memo was cited by the Semiconductor Industry Association and Micron Technology, a Boise, Idaho, microchip producer, in separate patitions to federal agencies seeking relief from allegedly unfair Japanese trade practices.

Hitachi said U.S. sales total about $2bn (£1.48bn) annually, including items produced by Hitachi in the U.S. The company did not break down its semiconductor sales.

Mr Wilson said Hitachi has refused to respond to the charges and declined to appear at a Congressional hearing he held in Santa Clara, California, on Tuesday.

## EEC allows UK to block imports of Chinese fibres

BY IVO DAWNAY IN BRUSSELS

THE European Commission has authorised the UK to block imports of artificial fibres from China after diverted shipments, originally destined for other Community states, threatened to damage the British textile industry.

To requests from the Republic of Ireland to take similar blocking action against clothes from Yugoslavia and South Korea have been refused, however, on the grounds that Irish domestic production has continued to rise.

Under Article 115 of the Rome Treaty, EEC member states are entitled to seek exemption from Community trade agreements with third countries if proof of commercial difficulties have been established. Import bans can also be imposed if a disproportionate level of sales is made to one country as a consequence of the trade policies enforced by its partners.

London claimed that both these criteria applied over Chinese artificial fibres. Sales of 1,664 tonnes of these products to the UK since January, accounting for 31 per cent of the total EEC quota allowed to China, increased from 23 per cent in 1983 and 25.5 per cent last year.

Their lower prices have cut domestic output of artificial fibres by almost 1,000 tonnes last year, reducing the industry's market share from 30 per cent to 26.6 per cent.

The Commission also found that the growth in Chinese sales to the UK could in part be explained by tougher trade policies in other member states. It has therefore upheld the UK's request to block further imports until the end of the year.

Ireland's demand to be allowed to halt sales of South Korean shirts and shorts and trousers from Yugoslavia has been rejected. For both ranges of products the Commission found that Irish domestic production has increased in recent years.

## Indian car joint ventures stalled by policy review

BY K. K. SHARMA IN NEW DELHI

THE MANUFACTURE of at least three new models of cars in India has been stalled by a government decision to review its policy of permitting collaboration agreements in the car industry between Indian and foreign companies.

The three arrangements immediately affected are those between Tata Engineering and Locomotive and Honda of Japan; Premier Automobiles and Nissan of Japan; and Escorts and Citroen of France.

Agreements on these have either been finalised recently or are in the process of being firmed up after government restrictions on car manufacturing were recently lifted.

The review has been ordered to ensure that an unnecessary waste of foreign exchange on collaboration agreements does not take place and that the industry does not underutilise capacity.

An official committee will examine demand for cars in the country and determine whether the collaboration agreements are needed for what is a relatively small Indian car market.

Apart from the major tie-up between the Government-owned Maruti Udyog and Suzuki of Japan, which will make 100,000 cars a year by 1989, other Indian car manufacturers are to bring out new models soon.

Premier is soon to market a car based on a Fiat body and a Nissan engine. Hindusthan is planning another based on a Vauxhall body and an Isuzu engine. Standard is to build a luxury model based on a body of its own design and a Rover engine.

● India has contracted to import 414,000 tonnes of steel pipes worth $234m (£173m) on a cost, insurance, freight basis from Japan, Brazil, West Germany and Italy for a 1,700 km gas pipeline, Mr N. K. Sharma, Petroleum Minister, told parliament. He said the pipes will range from 24 to 36 inches in diameter.

## BP affiliate to take share in Dubai oil plant

BY ANGELA DIXON IN ABU DHABI

A BP affiliate is to take a share in a $12m (£809m) lubricating oil plant in Dubai which is expected to be operational by the end of 1985.

BP Arabian Agencies (BPAA), BP's marketing affiliate in the Gulf, says the plant is to be sited at Jebel Ali, the industrial heart of the Dubai emirate. Jebel Ali already has a vast aluminium smelter, gas processing facilities and a free port.

The contract for design of the plant has been awarded to Ewbank of the UK, which has started work on it. Tenders are expected to go out in September for civil, mechanical and electrical works.

Final details of ownership have not been worked out, but BPAA expects to be a minority share holder in the project, which will be incorporated as a local company. Local private commercial interests will own the remainder.

BP is a shareholder in a number of oil as gas operating companies in the United Arab Emirates, mainly in Abu Dhabi.

Mr Mike Willis, BPAA managing director, said that BPAA already has a strong market position throughout the Gulf, and it intends to build upon that base.

Feedstock for the plant is likely to ba a mixture of Gulf and imported crudes. The top-quality oils will be used for a wide range of automotive and industrial uses.

## Thomson CSF wins air traffic control contract

By David Marsh in Paris

THOMSON CSF, the professional electronics and defence equipment arm of France's nationalised Thomson group, has received a FFr 320m (£37m) contract to supply a civil air traffic control system to Kenya.

The equipment will be in service from the end of 1987. It includes four radars and control centres for Nairobi and Mombasa airports to provide a system covering the whole of Kenyan air space.

Thomson has in recent years stepped up its sales of radar systems to developing countries. Customers have included Brazil, Saudi Arabia and Kuwait.

## Weakness in manufacturing exports worries Australia

BY MICHAEL THOMPSON-NOEL IN SYDNEY

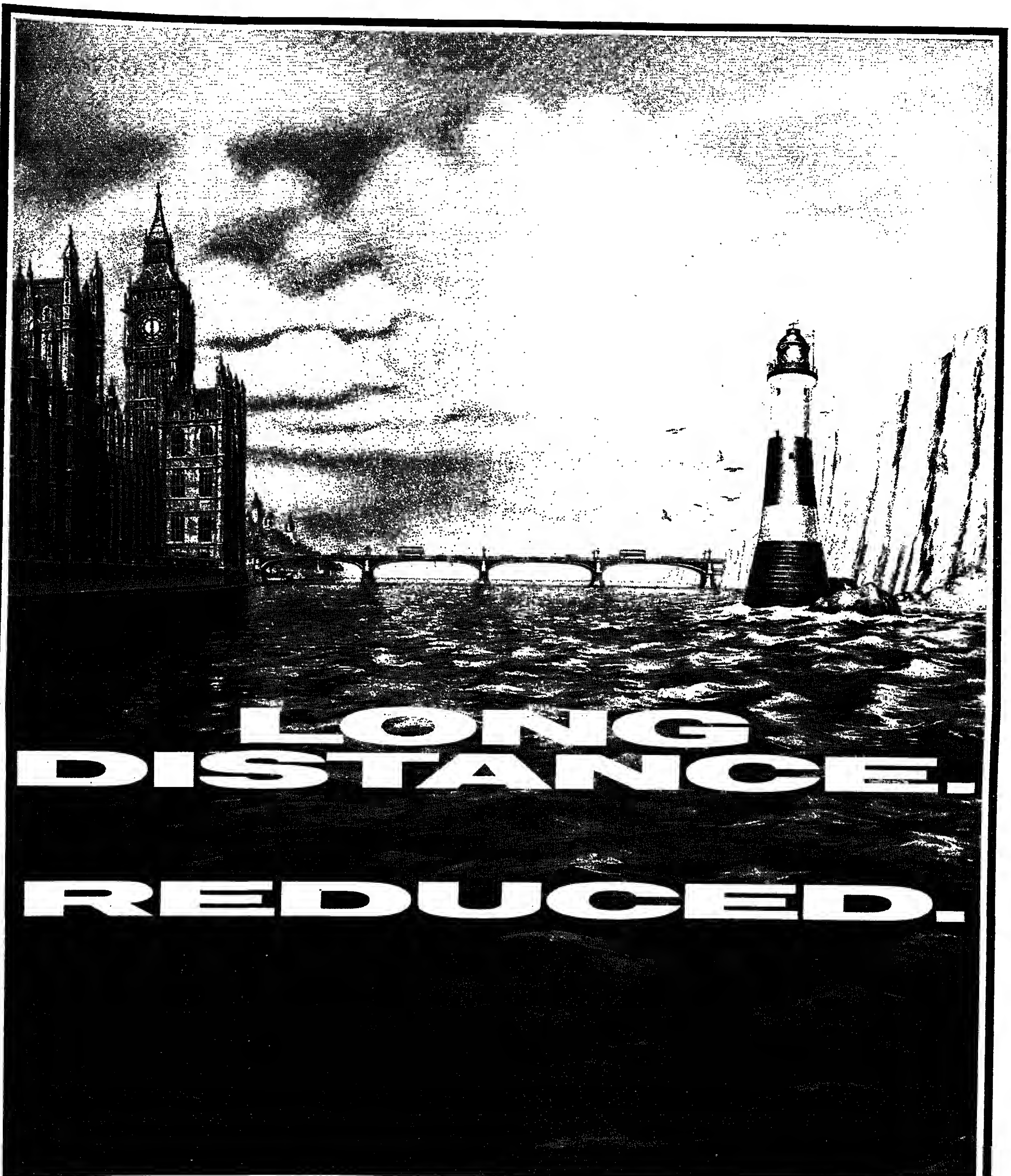
AUSTRALIA'S continuing reliance on commodity-based exports showed up graphically in figures published by the Australian Bureau of Statistics.

Total Australian exports for the year to June 30 1985 were 23.6 per cent higher than the previous year, at A$30.6bn (£15.9bn), with five big commodity items—coal, materials, minerals, textile fibres (mainly wool) and petroleum products—accounting for more than half the total.

The figures dramatise the difficulties faced by Mr Bob Hawke's Labor Government in attempting to stimulate manufacturing and high-technology exports so as to reduce Australia's traditional reliance on high-volume, low-value bulk goods.

Australia's non-merchandise exports, including services, were valued at only A$830m in 1984-85. In contrast, coal exports totalled A$4.6bn (up 38 per cent), as did minerals, while sales of cereals totalled A$4.1bn.

Australia's strong export performance in 1984-85 was partially aided by the sharp depreciation of the Australian dollar since February, which stemmed in part from concern over the Government's weak political performance since the general election eights mooths ago.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Financial Times Thursday August 8 1985



# Bell board split over revised Guinness offer

BY LISA WOOD

THE BOARD of Arthur Bell, the independent scotch whisky producer, is apparently split over acceptance of an increased £340m takeover offer from Guinness, the brewing company.

The Bell board yesterday issued a statement rejecting the higher offer. However, Mr Peter Tyrie, a Bell director, said he would advocate acceptance of the offer and dissociated himself from the board's statement.

The earlier Guinness offer had put a price tag on Bell of about £327m. Guinness yesterday increased its shareholding in Bell to about 16 per cent through market purchases.

Mr Raymond Miquel, chairman of Bell, said Mr Tyrie's decision was a "matter of considerable concern" to all colleagues on the Bell board who were unaware of bis 'unilateral' decision. Bell would be making its reply to the offer after seeing Guinness's letter to Bell shareholders.

Mr Tyrie said last night: "Unless my colleagues come round to my view I shall be writing to Bell's shareholders giving reasons for my decision in the course of the next few days."

Mr Tyrie, one of seven Bell main board directors, was managing director of the Gleneagles group of hotels before they were bought by Bell in 1984. He then put up strong resistance to the Bell takeover.

Guinness had until the end of the week to raise its bid under Takeover Panel rules. It is understood that the announcement on Tuesday by Bell that it was increasing its dividend for the year to June 30 prompted the higher offer.

For every five Ordinary ehares in Bell, Guinness is offering four new ordinary stock plus either £2.85 in cash, or a £2.65 nominal of 6¼ per cent convertible unsecured loan stock.

The brewer said yesterday that its profits for the year to September would not be less than £83m (£70.4m) and said it intended to pay a final dividend which would bring the year's total to 7.2p.

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# Laker may risk $8m in appeal

ACCEPTANCE by the English courts of the Laker Airways anti-trust settlement has been formally challenged by Sir Freddie Laker in the High Court. His appeal against it will be heard before a judge in open court next Monday.

Sir Freddie's action could well cost him the $8m pay-off offered him on July 11 by British Airways and the 11 other defendants in the civil anti-trust case, brought in Washington by Mr Christopher Morris of accountants Touche Ross, the Laker Airways liquidator.

Counsel for Mr Morris said in court yesterday that it was feared Sir Freddie, who at present is on honeymoon, "is going to put every obstacle in our way to stop us entering into this settlement, which is to the benefit of our creditors."

Sir Freddie was told on July 11 that the $8m offer was conditional on him doing nothing to start new legal action over anti-trust allegations.

The settlement of Mr Morris's case reached on July 12, offers $48m to the outstanding creditors of Laker Airways, which collapsed in February, 1982. It has been accepted by the creditors and approved by Mr Morris as a sound basis for him to abandon his $1.1bn suit for civil damages.

Its implementation requires the further approval of the High Courts in England and in Jersey, where Laker Airways was registered. Mr Registrar Bradburn approved it on Monday, rejecting arguments by counsel for both Sir Freddie and his first wife, Mrs Joan Laker, that Mr Morris's action should be heard in full by the U.S. courts.

□ RECENT evidence from the Confederation of British Industry supports the view that there will be a significant downturn in Britain's economic growth rate next year, the independent Henley Centre for Forecasting says today.

In its latest review of the economic outlook it predicts that the pace of UK growth will halve to 1.6 per cent next year from 3.1 per cent in 1985 as both exports and investment turn down.

The implication is that unemployment is likely to remain at around present levels for the next two years and could show a small increase over the medium term, it says.

□ BRITAIN'S fourth largest accounting firm, Deloitte Haskins & Sells, has adopted a corporate-style management structure to give greater control and to facilitate a possible transition from partnership status to incorporation with limited liability, if this becomes permissible for accountants.

For the first time the firm has prepared an employee report which sets out recent growth – fees rose by 18 per cent to £82.2m in 1984-85 – and discusses future growth plans.

# UK home appliances 'Europe's most reliable'

BY CHRISTOPHER PARKES

QUALITY CONTROL has increased so dramatically in UK domestic appliance factories in the past 10 years that British-made washing machines, refrigerators, vacuum cleaners and freezers are now generally the most reliable in Europe.

A study of more than 3,000 appliances, carried out by the Consumers' Association for the National Economic Development Office (Nedo), shows that even West German standards have slipped. British quality has improved and many German appliances show a higher incidence of break-down than UK machioes.

Only German automatic washing machines, among the major appliances, are still ahead. They have an average rate of 0.44 breakdowns per machine in the first year of life compared with 0.50 for British washers.

This is "perhaps not unexpected for high-priced, up-market machines," Nedo comments. French and Italian washing machines had failure rates of 0.71 and 0.56 in the first year.

The study shows a clear reversal of the situation 10 years ago when imported European continental washing machines were 44 per cent more reliable than UK-produced appliance. British machines are now 9 per cent more reliable than imports.

The picture is even more dramatic for combined fridge-freezers. Imports were 9 per cent more reliable than British in the mid-1970s. British machines are now 59 per cent more trustworthy.

The fight-back began at around the end of the 1970s, Nedo reports, when the rapid appreciation of sterling gave continental manufacturers a chance to attack the UK market with heavy promotion and discounts.

European manufacturers quickly carved out large shares in the UK market and the British industry was forced to rationalise, cut costs and improve quality.

It is now winning back market share. "But there is still considerable residual feeling that (consumers) would always think first of buying foreign because they believe that British manufactured appliances are of inferior quality and reliability," Nedo says. The vacuum cleaner is the only appliance in the study which has suffered from falling quality in all countries. Even here British standards have declined less than those oo the continent. "French-made vacuum cleaners are particularly unreliable and the deteriorating trend is also apparent for German machines," the report adds.

Raymond Snoddy gives background to the crisis at UK's state television and radio service

# Power struggle to rule BBC airwaves

THE CRISIS facing the BBC created by the withdrawal of the television documentary about violence in Northern Ireland highlights in a dramatic way the gulf that has emerged between the corporation's board of governors and the board of management.

The governors, with the exception of Mr Alwyn Roberts, the national governor for Wales, have voted twice to ban the programme – an action they strongly believe is the proper discharge of their duty and in the public interest.

The board of management are equally adamant that the programme with minor amendmeots and some explanation should be shown.

This view was reinforced when Mr Alasdair Milne, the BBC director general, saw the film and pronounced it a sound piece of work and put his full authority behind getting it shown.

"It's a naked power struggle between the board of governors' and the board of management over who runs the BBC," said a senior BBC executive who had spent most of his working life in the corporation.

"The governors don't think much of the present board of management," he added almost unnecessarily.

But the gulf which has opened up between what one Sunday newspaper described as "the players" and "the gentlemen" is only the most dramatic manifestation so far of a relationship which has been deteriorating for nearly two years.

The gulf is personified by the relationship between Mr Stuart Young, the chairman of the governors and Mr Milne. Their offices in Broadcasting House London, the BBC headquarters, are separated by a single floor but their worlds are poles apart.

"They're chalk and cheese. They don't touch at any level," said a senior BBC executive who knows both.

On one hand there is Mr Milne of Winchester, New College Oxford and the First Battalion of the Gordon Highlanders. Mr Milne, who joined the BBC in 1954 and was editor of the Tonight Programme, can seem arrogant and abrupt to those who do not know him well.

On the other side is Mr Young of Woodhouse School Finchley, London, and accountants Hacker Young, the self-made man with his own Rolls Royce.

Sometimes he still looks a little bemused by the fact that he is chairman of the BBC and that his brother David is the British cabinet minister Baron Young of Graffham.

Relations between Mr Young and Mr Milne have deteriorated to such an extent that earlier this summer when Mr Young asked Mr Milne for a paper on the future management structure of the BBC it was backed up by a letter which began: "Dear director general . . ."

Mr Milne held out for three weeks against the governors' determination to appoint Mr Michael Checkland, another accountant, as deputy director general and only gave way when threatened with beging sacked.

At a private meeting in June, it is believed, Mr Milne apparently agreed to the Checkland appointment. Mr Young went off to tell the governors that "the crisis was over."

Then Mr Milne made his report to the governors on matters such as direct broadcasting by satellite and sat down.

"Have you anything else to add," inquired Mr Young. "No" said Mr Milne.

He has also been heard, when faced with what he saw as interference telling his chairman: "I run the BBC not you."

Two men at the centre of the dispute: Mr Stuart Young (left) and Mr Alasdair Milne

It is against such a background that the crisis must be seen and the importance the governors attached to the six page statement released on Tuesday after a four hour meeting of the governors.

Most of the meeting was taken not with deciding whether or not to show "At the Edge of the Union" but in polishing the statement which claimed the governors' actions had been to a great extent misinterpreted and misunderstood.

Just to make the position crystal clear the chairman wrote: "The constitutional position is that the board of governors are (are was underlined) the BBC and are therefore responsible for the editorial policy of the corporation. They devolve the day-to-day management of the corporation to a director general, whom they appoint, who is editor, and through him a board of management and other senior members of the staff," the statement said.

Such subtle arguments cut little ice with Sir Hugh Greene, director general of the BBC from 1960 to 1969 and later a governor: "To pretend that there was no surrender to the Government as the chairman has done merely makes matters worse and shows a contempt for the common sense of the BBC staff and audience at home and abroad.

BBC insiders say the present board of governors is interpreting its consititutional rights in an increasingly interventionist way.

Senior BBC broadcasters believe there has been a subtle change in the composition of the board since Mrs Margaret Thatcher became Prime Minister in 1979.

"As she (Mrs Thatcher) has put in her own choices the character and mood of the board has gradually changed. There is now only one governor with a straightforward set of liberal values," said a senior BBC executive.

"The governors' are now much more hardline, much more easily swayed into saying that broadcasting is a dangerous influence that the public must be protected from," he added.

Against such a background Sir William Rees-Mogg, former editor of The Times and vice-chairman of the BBC governors bas played, it is believed, a steadily growing role in the BBC.

Sir William was adamant that a second special meeting of the governors be reconvened last Tuesday. Earlier there had been attempts to reach an informal compromise agreement with individual governors perhaps avoiding the need for another meeting.

When the governors met, it is believed that Sir William who would have liked to have been chairman of the BBC, was again influential in urging that the film should be banned.

An issue which started as a "silly season" story has in the Sunday Times of July 28 developed into a three way confrontation between the BBC management and governors and curiously also between the BBC governors and Mr Leon Brittan, the UK Home Secretary.

It is perhaps one of the most bizarre aspects of a curious affair that the governors are attacking the Home Secretary for attempting to censor the BBC. Yet at the same time they are claiming that they are exercising their independence by banning a film which few would have seen or heard of if a reporter from the Sunday Times had not asked Mrs Thatcher a hypothetical question.

# Noraid's coach trip through the Irish tragedy

BY ALAN WATSON IN BELFAST

ABOUT 40m people in the US are of Irish descent. This week 120 of them in three coaches have been bouncing along the minor roads of Northern Ireland's border country, very much like any U.S. tourists visiting their homeland.

According to the governments of Britain, Ireland and the U.S. however, they are supporters of an organisation which gathers money to buy guns and explosives for provisional IRA terrorists. The group is called Irish Northern Aid, better known as Noraid.

For the past three consecutive years, Noraid has arranged a visit to coincide with tomorrow's anniversary of the temporary introduction of internment in 1971. The object is to maintain the flow of dollars into Republican coffers.

The group claims to raise about $330,000 a year for the dependants of Republican prisoners in Ireland. The federal courts in the U.S. have insisted that Noraid register as "an agent of the IRA."

On Sunday three coach-loads arrived in Ulster from the Irish Republic. The Noraid party is a fairly typical holiday mixture – old ladies in track suits, young women and middle aged men in windcheaters. Nearly everyone has a camera.

They share aromantic view of Irish history and the organisers of the tour make sure that the myths are reinforced. After a press conference in Belfast the party went on a guided tour of nationalist areas courtesy of Sinn Fein, the political wing of the IRA. There was no pretence about coming to see both sides of the Ulster tragedy.

Mr Richard Lawlor, the group's appointed spokesman, said "we are here to see evidence of the British oppression of nationalist people."

Most of the party kept quiet, Mr Lawlor did all the talking and said all the right things – Irish people had a right to take up arms, Britain was an occupying power, Noraid's aim was to help bring lasting peace. They set off for the South Armagh countryside where the IRA launches regular attacks against the Royal Ulster Constabulary (RUC), the Ulster Defence Regiment (UDR) and the army. For the trippers there was the chance of a stage-managed encounter with IRA men.

Sinn Fein arranged for the Americans to spend their nights with nationalist families on farms and in housing estates. During the day they photographed the graves of IRA men and Irish flags flying over Catholic villages.

In Dublin, the main spokesman of Noraid, a third generation Irish American, Mr Martin Galvin, played cat and mouse with detectives. Mr Galvin, a 35-year-old lawyer in the New York City Sanitation Department is Noraid's publicity director. He is banned from entering Northern Ireland under a UK Home Office exclusion order.

A year ago this Sunday, police tried to arrest him at a Belfast rally. In the confusion, a young Roman Catholic man was killed by a plastic bullet fired by the RUC. It was an unexpected publicity coup for Republican sympathisers.

This year Mr Galvin declined to confirm if he intended to break the ban by going to one of the planned internment rallies. The "will he, won't he" stories in the newspapers suit his purpose.

Propaganda is vital to his cause. The hard-core supporters can always be relied on to produce cash but Noraid finds it increasingly difficult to extract money from the many Americans who share the Reagan Administration's opposition to international terrorism.

Noraid is the central target of the Administration's crackdown on IRA fund-raising. Law enforcement agencies have started to use currency legislation which was previously reserved for dealing with organised crime and drug smugglers.

U.S. Customs are digging into the records of couriers and financiers with the aim of confiscating money being moved out of the U.S. without notification.

In Ulster, the police worry about the increase in IRA activity which coincides with the Noraid visits. The RUC says bluntly that the IRA is out to create a scenario of violence and strife designed to attract money and arms from the U.S.

Ulster's loyalists, some of whom called for the Noraid visit to be banned from entering the province, have branded the visitors "terror tourists."

# Delicate balancing act in steel

BY IAN RODGER

ONE of the main challenges in managing o big steel business is to balance the various parts of the manufacturing process – steelmaking, fabricatioo, finishing – in terms of their capacity and their efficiency.

Wheo times were good and funds were readily available for reinvestment in plant, that task was difficult enough. Each new element, whether a blast furnace or a melting shop or a rolling mill, was very expensive and usually involved significant increments of capacity. That meant that other existing equipment was probably too small to serve or feed off it, and so the new plant could not be run to its full potential.

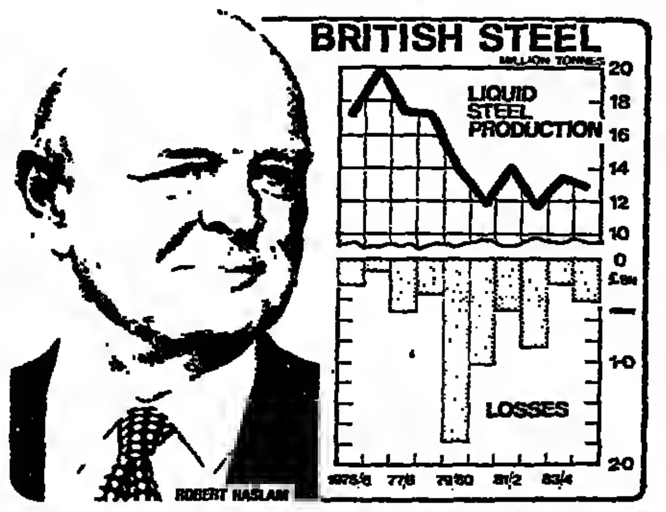
In recent years, when steel demand has been on a downward trend and producers have suffered heavy losses, it bas been even more difficult to maintain efficient plant configurations. The most common tactic has been to close plants for which there is duplicate capacity elsewhere, so that the remaining plant can operate at a higher, more profitable rate.

That may involve scrapping some modern, highly efficient equipment, especially if a whole site is closed.

The restructuring plan announced yesterday represents the British Steel Corporation's latest attempt to get its plant configuration right for the market conditions it expects to face for the foreseeable future. Those are declining demand, weak selling prices and rising quality and specification standards.

BBC's main difficulty in balancing its plants stems from its last investment spree in the early 1970s when it spent heavily on modernising and increasing the capacity of its basic iron and steelmaking.

In South Wales there was a new basic oxygen plant at port Talbot and blast furnaces at Llanwern: in Scotland there was expansion of steelmaking st Ravenscraig, near Glasgow; in the oorth east of England there was expenditure of new blast furnaces at Redcar and in steelmaking oo Teesside, while at Sheffield, South Yorkshire, there was a huge investment in stainless-steel making.




It soon became apparent that the corporation had far too much capacity. By 1979, BBC's steel output had tumbled to 14.1m tonnes, compared with 19.7m tonnes in 1976. Large closures were made, notably those of Corby, Consett and Shotton works, leaving it with five integrated steelmaking sites.

Meanwhile, technological developments in fabricating and finishing meant that BSC somehow had to find the resources to invest in cootinuous casting plants, gauge control systems and coil coating processes if the quality of its products was to remain equal to that of its competitors. Because of its high losses, this has been a slow process. For example, only half of the steel it makes today is continuously cast.

But by 1982, steel production had dropped to 11.7m tonnes and it was clear that another round of capacity reduction was needed. BSC proposed closing Ravenscraig, one of its five remaining integrated sites, but that was blocked by the Governmeot for political reasons. That proposal has still been put off, but the measuree anoounced yesterday should go some way to helping BSC to improve its plant balance.

● Closure of the Gartcosh cold rolling mill for wide strip will mean the end of the oldest and least efficient link in BSC's strip finishing system. Gartcosh is about 10 miles from the Ravenscraig works from which it gets its hot rolled coils, whereas the Llanwern and Port Talbot works have theirs on site.

BSC says the closure "will improve overall cold mill productivity, reduce surplus capacity, cut overhead costs and, against limited cash resources, avoid the substantial capital investment otherwise needed at Gartcosh to improve cost competitiveness and product quality."

Gartcosh takes only about a third of Ravenscraig's bot rolled coils today. Most of the remainder goes to BSC tinplate plant and the Shotton coatings plant in Wales, and BSC says that role will now be increased. Ths implication is that Llanwern and Port Talbot will be able to concentrate more on sheet for the automotive and domestic appliance industries, resulting in further efficiencies.

● The purchase and planned closure of Alpbasteel's small strip mill at Newport, South Wales, is another neat operation. First, BSC will acquire Alpha's European Community production quotas, which will enable it to produce more steel on its own mills. Secondly, the deal will eliminate more than 1m tonnes of annual capacity from the over-crowded wide strip market. Finally, BSC will take and refurbish Alpha'e cootinuous casting machines for slabs and install them at Llanwern.

The Llanwern works has managed to become highly efficient even without concast machines, and its workforce has been lobbying vigorously for such an investment for some time.

BSC also says it "will improve operating efficiency and enable Llanwern to meet the increasing demand on BSC for continuously cast steel qualities."

● The decision not to invest in new coke ovens reflects the corporation'e reluctance to get caught again with more capacity than technology. BSC hopes it can make do with the ovens it has, even though some are very old and, on current trends, there would be a 20 per cent shortfall of production by the early 1990s.

It believes a recently developed silica welding technique, which has been used extensively at Ravenscraig and Llanwern, can help to extend the lives of existing ovens. It is also counting on technological developments that would help it to reduce coke consumption.

● Approval of the long-awaited Phoenix 2 project should bring about an end to the large losses BSC has been suffering in its engineering and steels business. As BSC will have a 50 per cent stake in the venture, the relevant assets will be removed from the corporation's balance sheet.

More important, the expected final approval for the venture will probably result in closure of duplicated plant and a resurgence of long-postponed spending on the modernisation of others.

Whether all those moves will be enough to make BSC a successful producer remains to be seen. Sir Robert Haslam, the chairman, seemed yesterday to be rather sceptical. He said: "The key question is whether there will be sufficient good-margin business to enable BSC to achieve fuller utilisation of our poteotial capacity and, thereby, generate sufficient cash from profits to renew and continuously to modernise our equipment."

# Virgin considers move into air cargo

By Michael Donne

VIRGIN Atlantic, the transatlantic airline flying low-fare services between Gatwick and Newark, New Jersey, is studying the possibility of entering the air cargo business.

The plan is to start operating an air freight company on October 1, most likely to be called Virgin Aviation Services, to handle not only Virgin Atlantic's cargo but also that of other airlines.

The new company would be owned by Virgin Holdings, parent of the Virgin Group, and not Virgin Atlantic Airways, which would clear the way for it to handle other airlines than Virgin Atlantic.

Virgin's cheap fare passenger and cargo services across the Atlantic are profitable, and Mr Richard Branson, the group'e senior executive, has been studying the opportunities for expansion for some time.

The airline has applied to the UK Civil Aviation Authority for rights to the London (Gatwick) Miami route, and has also discussed the lease of a second Boeing 747 Jumbo jet, which could join the fleet next summer if the Miami bid is successful.

# Rediffusion factories for sale

By Jason Crisp

BRITISH ELECTRIC Traction (BET), the industrial services group, wants to sell its Rediffusion television factories which are likely to face a substantial fall in orders next year.

The factories which employ 600 people supply Granada's TV rental business as part of a contract which expires at the end of the year. That contract was part of a deal agreed last year when BET sold its Rediffusion TV rental business to Granada.

# Task force at General Motors seeks a buy-British policy

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

GENERAL MOTORS, the Vauxhall-Opel cars group which has been under intense pressure from the UK Government to balance its imports by buying more in Britain, has set up a task force of senior executives to tackle the problem. It will:

● See what can be done to establish a better relationship between Opel, which has responsiblity for developing GM'e cars in Europe, and UK suppliers and to bring the British companies into the development programmes at an earlier stage.

● Attempt to work with more UK companies to develop new technology.

● Make sure Britain gets proper consideration when GM is next considering large-scale capital expenditure projects in Europe.

Mr Dick Durkin, executive director, finance, in GM's European cars division, said: "We take the concern of the British Government seriously and we are trying to make sure we do not overlook any opportunities which might help alleviate the problem."

He said, however, that his group's attempts to balance the trade between Vauxhall, GM's UK subsidiary, and its continental operations would not produce immediate results.

"Although it is an extremely difficult problem, it is not one we will set aside and say we cannot do anything about," Mr Durkin said.

GM'e argument with the British Government stems from the decision in the 1970s to give Opel responsibility for cars in Europe. The new system succeeded in Britain because the new, Opel-designed and developed models raised Vauxhall's market share from 8.5 per cent in 1981 to over 17 per cent this year.

GM has, however, supplied nearly all the extra demand from its continental factories – in Belgium and Spain as well as West Germany – and matters came to a head when it became clear that, in spite of record sales, GM produced fewer cars in Britain last year than in 1983.

GM'e registrations in the UK rose 8 per cent to 282,835 cars last year but its output in Britain dropped by 7.44 per cent to 117,114.

The UK Government's increasing impatience has been made clear by Mr John Butcher, the under-secretary for Trade and Industry. In a parliamentary reply recently he said: "In 1984 GM stated to Government its intention to work for a better balance between what it sold in the UK and what it manufactures and purchases here.

"Within this broad objective, Vauxhall aimed to source in the UK 65 per cent of its cars sold here by the end of 1984. In fact Vauxhall sourced only 42 per cent of its cars here in 1984, 45 per cent in the current year to date (to June) and now says it is unlikely to achieve a 65 per cent local build over at least the next three years.

"The UK content even of those cars that are made here was less than 50 per cent in 1984. The Government looks to Vauxhall to provide a substantial and convincing demonstration of its willingness to move in the right direction and is continuing discussion aimed at achieving that objective."

Mr Butcher is on relatively dangerous ground in pressing GM to source more from Britain because European Community content is the only standard the car manufacturers can use to measure "local content."

By that measurement, GM claims its cars reach an 80 per cent "local content" which will increase once Spain – where the Opel Corsa/Vauxhall Nova is produced – joins the Common Market in January.

GENERAL MOTORS-VAUXHALL (UK operations)

| | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|---|---|---|---|
| Car assembly | 109,118 | 93,237 | 84,041 | 58,675 | 55,002 | 69,932 | 112,669 | 126,524 | 117,114 |
| Car sales | 130,390 | 137,273 | 154,089 | 140,944 | 133,078 | 127,141 | 181,737 | 262,141 | 282,835 |

# VW truck passes 1985 sales target

BY JOHN GRIFFITHS

VOLKSWAGEN has doubled its UK importers' allocation of the Caddy light pick-up, based on the Golf car, after exceeding its sales target for the whole of 1985.

The vehicle was launched in the UK in January and VW expected first-year sales of 1,000, a level which was reached in mid-July. A further 1,000 of the vehicles assembled in Yugoslavia are being made available for sale through the rest of the year.

The Caddy thus looks set to inject fresh life into the pick-up market, which had been a very small part of the light commercials sector until Ford's launch in 1982 of the P100, a South-African-built vehicle based on the old Cortina car.

Overall, the light van market to the end of July was running 5.27 per cent ahead of the same period of last year at 52,471 (50,098). Ford remains the light van sector's clear market leader, with 17,585 sales in the first seven months (excluding the P100, which is in the heavier, medium vans and pick-ups category).

Medium and heavy van sales were down substantially in July, to 4,510 from 5,474 in the same month last year, with Ford's Transit – due for replacement within the next 12 months – accounting for most of the drop.

# TECHNOLOGY

EDITED BY ALAN CANE

## Electronic water leak locator enters war on waste

LEAKS from water pipelines—even in the most modern and well operated systems—lead to losses estimated at around 30 per cent, and in some of the more debilitated pipes et as much as 70 per cent.

Now, however, Palmer Environmental Services, a company in Great . Yarmouth, Norfolk, and the Water Research Centre have developed a portable, computer controlled water leak locator that could make tho task of repairing leaks oasier and cheaper.

At present, water authorities know roughly in which section of pipe there is a leak from metering. The new device should increase the accuracy of detection in both iron and plastic piping, and reduce the incidence of dry holes — holes dug in roads where there are no leaks. These can cost the authorities up to £300 each.

It will have e far greater range than existing water leak locators which are normally mounted ón a vehicle and powered from the vehicle's battery.

The Palmer locator, called MicroCorr, uses the principle that water, or any other fluid, escaping from a pressurised pipe produces e characteristie noise which travels at constant speed in both directions away from the leak.

Sensors placed along the route of the pipe either side of the suspected leak pick up the noise of the leak at different times, or at the same timo if the leak ls midway. A correlator then progressively delays one signal relative to the other while continuing to compare the similarity between them.

This enables the correlator to measure the difference in travel time of the leak noise to the sensors and then calculate tho leak position.

The MicroCorr uses the same principles already employed by the present range of correlators but, in addition to being more portable (it has rechargeable nickel cadmium batteries), it is better at finding leaks in pipes made from soft materials such as plastic which have low noise levels.

Field tests have detected leaks in 180-metre leng sections of PVC piping using hydrophones, ultra sensitive sensors screwed into the core of the pipe.

ALISTAIR GUILD

# Row over satellite traffic jam in the heavens

**Poor nations are angry because the rich have gobbled up the best slots for satellites in orbit. But new technology could defuse the row, reports Peter Marsh**

A RANGE of new satellite technologies that will ease congestion in the most popular orbit for communications vehicles may head off a clash between rich and poor countries over selection of orbital locations for spacecraft.

That is the hope of representatives from the rich countries, who will argue at a six-week international gathering on space planning, which begins today, that the technical innovations make it unnecessary to institute a rigid system to parcel out satellite slots.

Some Third World nations, including India, Kenya and Colombia, have called for such a policy to guarantee their rights to space positions from whieb they can operate telecommunications services in the future.

With the new technologies, so argue the developed countries, it should be possible to squeeze more communications traffic into a limited amount of frequency .space, so reducing the numbers of new satellites required over the next decade.

These nations, led by U.S., fear that a rigid planning system could be unwieldy and reduce the possibilities of expanding business opportunities in outer space.

The arguments will surface at a special meeting in Geneva of the 160-nation International Telecommunication Union, a United Nations agency. The meeting will discuss the allocation of frequencies and satellite slots in the geostationary orbit 36,000 km high, which is the most popular place for communications satellites.

Under current procedures, the rich nations have grabbed most of the positions in the orbit. which is rapidly becoming clogged due to the growth in communications traffic in recent years.

At the Geneva meeting, tha latest in a eeries of World Administrative Radio Conferences, the ITW will decide on the basic framework for allocating satellite slots. Flrm decisions over allocations will be left to a second gethering of the United Nations egency in 1988.

Congestion problems will be eased, so the rich countries will argue, by innovations such as the use of higher frequencies to carry radio messages, bigger satellites that incorporate a large number of antennas in a small physical area and new coding techniques to pack more conversations or computer data into a given amount of frequency space or bandwidth (see below).

The Third World may, however, fail to be convinced by these arguments and insist that the industrialised countries voluntarily give up sections of the frequency spectrum or vacate sections of the geostationary orbit. Such moves could be phased over 20-30 years.

In the geostationary orbit, a satellite travels et the same rotational speed as the Earth end so eppears fixed in position over the equator. It thus makes an ideal relay point in the heavens for the transmission of radio signals from one point on the planet's surface to another.

This ring in space is home to about 80 operetional commercial communications satellites and roughly 40 for other applications such as scieotific experiments and transmission of military signals.

Virtually all the spacecraft in this section of the heevens are owned by the U.S., USSR, Canada, Japan, Western Europe and Intelsat, the international telecommunications body.

In recent years, however, India, Mexico, Brazil, a consortium of Arab nations and Indonesia bave began operating their own geostationary satellites.

The nnmber of craft in the orbit is growing at 18 per cent a year. According to a recent report from the U.S. Office of Technology Assessment some 100 new commercial communications satellites, worth about $6bn, are due to be launched over the next five years.

According to other projections, the number of geostationary satellites will rise to 300 by 1990.

The satellites are spread unevenly around the orblt. Positions over the equator from which satellites beam to North America, the USSR and Europe are especially crowded.

Countries which share longitudes with these parts of the world but which have yet to launch satellites — for instance Africa or South America—fear they may be unable to find room in the heevens for their craft.

The circumference of the geostationary ring is 265,000 km, or 10 times the distance round the Earth. As adjacent geostationary satellites are normally separated by a minimum of 2 degrees of an arc — whieb works ont et 1,500 km—probabilities of collisions are small.

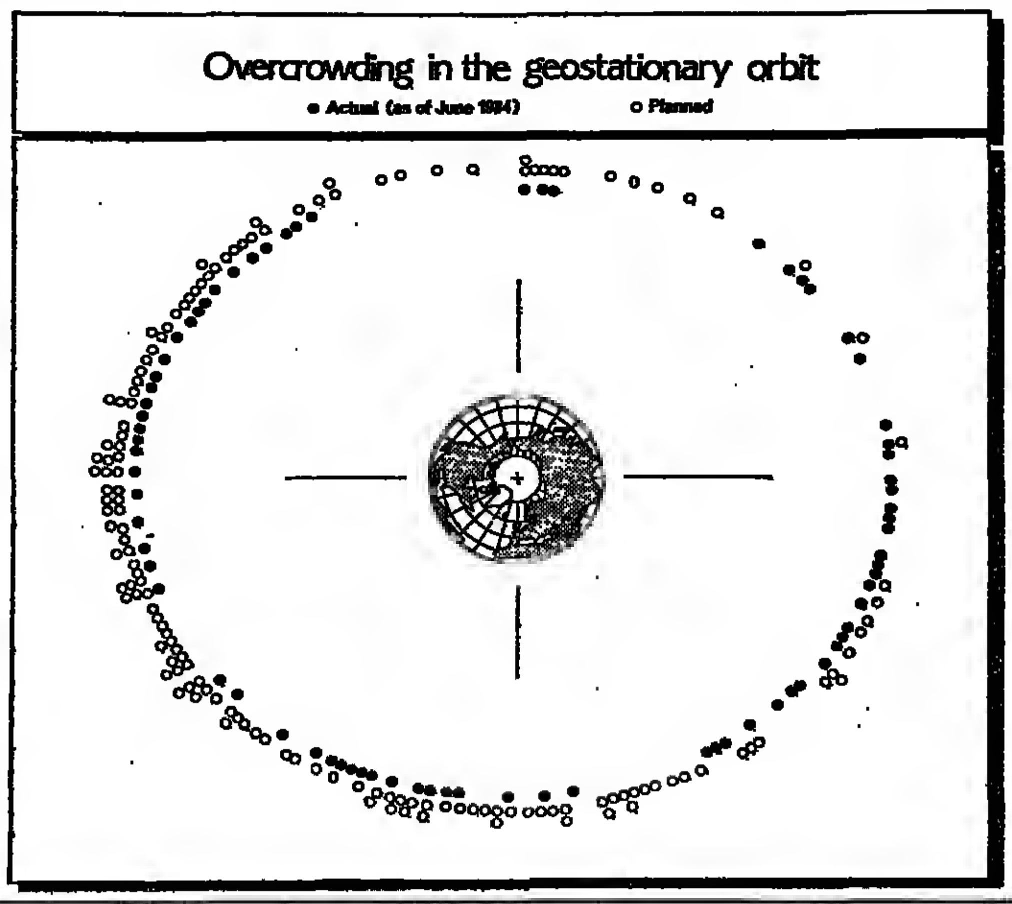
Rather than lack of physical space, the problem with geostationary satellites concerns electrical interference. Radio beams sent to and from the satellites on their way between two receiving/transmitting stations on tho Earth may overlap and cause jumbled messages.

Frequency space for satellite communications is limited due to the demands of other users of the air waves. So the frequency bands for individual satellites must be carefully regulated to prevent the craft (or receiving stations on the ground) from tuning into strav radio messages.

Both the exact position of the vehicle in the heavens and the area of the Earth over which it sends a beam also need to be controlled to reduce the problem of interference.

In the current procedure, countries which wish to place a satellite in space notify the International Frequency Registration Board, a part of the ITU secretariat, well in advance of the launch date. They give the board technical information such as the frequencies the craft will use and the slot in orbit it will occupy.

After objections from other nations have been sorted out, the country is free to go ahead with the launch. This "first come, first served" procedure could be replaced with a system that guarantees positions to countries irrespective of whether they plan to launch satellites.




## How the congestion could be eased

NEW techniques that could rednce geostationary crowding include:

● Use of higher frequencies. Most communications satellites receive signals over a 500 MHz portion of the electromagnetic spectrum around 6 GHz and transmit around 4 GHz. In recent years, countries from the developed world have started to launch satellites that use higher frequencies — they receive and transmit on 14 and 11 GHz.

If this trend continues, so the argument goes, the rich countries will vacato the lower-frequency bands, leaving them to the nations still to launch their satellites. Building and operating the higher-frequency vehicles is relatively difficult. More complex electronics are required to code and amplify the signals. And rain and clouds absorb some frequencies in the higher bands, requiring close control over signal propagation.

● Better coding methods. More radio messages can be carried by the same amount of frequency spectrum using novel techniques in which, for instance, the messages are coded digitally before transmission. Such procedures should reduce the demand for new satellite slots.

In another technique, satellite operators are gradually turning to a system of transmission in which all ground stations sending signals to a single satellite receiver transmit in synchronised bursts. In this way the messages reach the space vehicle without interference or overlap.

The system, called time-division multiple access, is a more efficient way of using the available bandwidth than the conventional technique in which each station uses a narrow frequency channel created by the division of the overall spectrum.

● Use of spot beams. Rather than spread over a wide area of the Earth, the width of a continent for example, satellite beams can be "steered" to cover small areas of perhaps a few hundred kilometres in diameter. That reduces problems of overlap between beams intended for different countries.

● Bigger satellites. Aerospace companies could build very large satellites carrying perhaps hundreds of transmitters and receivers, each with sophisticated electronic shielding systems to reduce interference. Antennas on the vehicles could be rented out to individual countries, which would save them having to build and launch their own craft.

● Re-use of frequencies. Instead of two nearby satellites both receiving signals at 6 GHz and transmitting at 4 GHz, one satellite could be made to send on 6 GHz and receivo on the lower frequency.



## Computer dating for cows

FARMERS in Ireland are using a computer to decide on the most desirable choico of mate for their cows. In this way they hope to produce better calves.

Members of the Ballyclough dairy co-operative in Cork send information on desired characteristics of calves to a Honeywell computer, which runs on a program called Datasire. The machine matches these details with a data bank containing information about Ireland's best Friesan bulls.

The bulls so chosen become partners with specific cows in artificial insemination projects at the co-operative's headquarters in Mallow.

## Faster fire call response

ATS of Haywards Heath, Sussex, is selling a communications system that it says will enable firemen to react more quickly to emergency calls.

The equipment, used with the ordinary leased telephone lines, sends computer data and voice messages simultaneously from county fire brigade headquarters to individual fire stations.

With conventional communications hardware, data and speech have to be sent separately.

## TV aid in sewer cleaning

A company in Sheffield is offering a service which uses the latest technical advances to clean out sewers and gas or water pipelines.

With closed circuit TV techniques, Descaling Contractors, a division of Initial Service Cleaners, first inspects the inside of the pipe. In a later stage, sludge and silt are removed with remote controlled machines that send water jets at the offending material.

# THE MANAGEMENT PAGE: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

Australian advertising

## Casting off the cultural cringe

BY FEONA McEWAN, RECENTLY IN SYDNEY

ADVERTISING is often cited as a telling barometer of a society's social and cultural mores. Australian advertising is certainly a case in point. To a foreign eye weaned on American and British commercial messages it appears that the best of the advertising being fostered there is peculiarly and refreshingly Australian.

One thing that stands out is a sense of nationalism, which, according to local observers down under, is a new wave. And indeed there are signs all around of a growing assertiveness, from talk of the national flag being redesigned (a sure sign of sharpening the national identity) to the sea of Australian book titles that flood the local bookshops. The cultural cringe, as one adman put it to me, is gone. Australians are Australian and proud of it.

An outstanding example of this new confidence is the international success of Sydney comic Paul Hogan. He is, you will remember, the laidback Aussie who taught the Brits to say "g'day" and that Fosters was "Australian for lager." To Americans, he is the acceptable face of Oz, selling the nation for the Australian Tourist Commission (ATC) in what has become a record-breaking campaign.

Today this former harbour bridge rigger-turned-comic is hot advertising property. In "Hoges," as he's known, the adworld has tapped a highly marketable commodity whose sheer "Ockerness" has done much to sell his country and its products around the world. Both the Fosters and the ATC campaigns are high achievers, greedily winning awards and consumer attention wherever they're seen.

So far, the ATC campaign, which has been seen by just 25 per cent of Americans in short four-week offpeak bursts on television, has delivered an exceptional 600,000 phone calls (a telephone number was given in the commercial) in just over a year. The campaign was used as a case study recently at the Pan-Asian Direct Marketing Conference in Sydney. Tracking studies have shown that Australia topped the poll in California as the number one preferred destination for travellers, ahead of England and Greece, with a rare 94 per cent spontaneous recall. It is also said to be the most successful tourist campaign ever undertaken in the U.S.

With Australian agencies and film-makers clinching some 17 Clios (the advertising industry's Oscars) at Cannes recently, advertising down under has proved it is as good as any. So just who are these world-beating Aussies and what is their outlook?

Two of the most talked-about creative domestic shops are Mojo and The Campaign Palace—both very individual but decidedly Australian.

David Ogilvy spotted them three years ago. In his book *Ogilvy on Advertising* he says "Australian advertising people are the most eclectic in the world . . . the most spectacular campaigns are being produced by a new agency called Mojo with The Campaign Palace not far behind."

### Character

Mojo would no doubt agree with that. The agency is as Australian as Vegemite (the nation's favourite yeast extract spread) and uncompromisingly so. From its name, "Mojo Australia" to its introductory brochure ("54 Australians work for Mojo") and ("Mojo is best known for creating uniquely Australian advertising that understands and reflects the essential character of our culture") to its select client list which is predominantly national (Tooheys beer, Perth Building Society, New South Wales State lotteries, World Series cricket, the National Nine Television Network, Air Queensland, Tanbman paints) there is no doubt which country you are in.

Mojo is unlike other agencies. Hierarchy and job titles are out—car parking space is first come, first served—and internal politics are stamped on. Suits are definitely for pretenders and ties a laughing point. Blunt, aggressive and talented, the employees operate in a family style community. There's a gym on the premises as well as fully equipped shower-rooms, a full time chef and free afterwork bar. And it works, says the agency. You're as likely to find the agency as full at 7.30 am as at 6.30 pm.

Mojo's strong suit is jingles (written by founders Alan Morris and Allan Johnson, the Mo and Jo). Catchy and unsentimental in style, they have succeeded in their aim of getting a slogan, irrevocably linked to the product, into the everyday vernacular with such lines as "I feel like a Tooheys" (beer) still running 10 years on and the "C'mon Aussie" Test Cricket line which has become a sporting anthem. They believe, they say, in keeping advertising simple, based on a big idea and brilliant execution, and with a slogan you repeat, repeat; repeat.

So far the formula is working. The agency outpaced all rivals with a 46 per cent growth rate last year and has mushroomed in its six years from A$9m to A$50m billings.

Mojo's meteoric success is largely due, says Morris, to its "breaking away from conventional wisdom which was that all you had to do was adapt Madison Avenue concepts by adding an Aussie voiceover and away you went. Or you went the BBC route using a mid-atlantic accent." But we're not like Britain or the States, says Morris, who believes that "the universally transportable marketing culture is rubbish.

"We're a unique egalitarian society with most of the people owning most of the wealth. There's little poverty and no established elite. We're a country of hedonistic mini-capitalists; we love having a good time."

Hogan, he believes, represents the quintessential Aussie, and therein lies his success. "He's a one-time rigger on A$16 a week who's now a multi-millionaire without changing his colours or his stripes. He still thumbs his nose at holy cows . . . he's not a pretender, just an ordinary bloke."

The rise of Mojo, he believes, has coincided with the resurgence of national consciousness and pride in being Australian, a trend they understand and, indeed, have grown rich on.

"It has come to my attention that some Americans do not know where Australia is," muses Australia's favourite son in the Australian Tourist Commission's block-busting commercial running in the U.S. Sixty informative seconds later, Paul Hogan signs off cheekily in telling them: "It's where the America's Cup is."

For future growth, the company sees no further than its own shares. With an office already in Sydney and Brisbane, Perth and Melbourne are next for the Mojo treatment. That will be after they have finished buying back their 15 per cent shareholding held by D'arcy MacManus Masius.

Campaign Palace is an altogether gentler place, though its ads pack no less a punch. Its track record on the award front is singular. It reckons to have won more than all the other Australian agencies put together in the last 10 years, though the gap is closing, according to managing director Greg Daniel. In one year billings have leapt from A$10m to A$21m in the Sydney office (there's also one in Melbourne) and staff has increased from 10 to 30.

Part-founded by Englishman Lionel Hunt, the agency favours a soft sell approach, highly imaginative with lashings of humour — most of its ads leave a smile on the face. There's the Rentokil commercial with its graphic lifesize cockroaches, white ants and spiders who join the family for dinner and in the bedroom. Or there are the Taronga Zoo ads of carefully edited animal shots "acting" out the catchy one-line jingle "You belong in the zoo" with timely waving of paws, jaws and flippers, which merits a chuckle every time. Following the campaign the zoo netted a record gate of A$2m in two weeks.

Its commercial for Harpers Bazaar magazine scooped a gold lion at Cannes for its brilliant execution. Key words, like "travel" and "bazaar" were spelt out using costumed people to form the letters based on the famous Erté script.

For the Palace, creative independence is paramount. While they acknowledge that advertising is a commercial communication, "we would not be interested in a campaign conceived in, say, London or the U.S.," says Daniel, "even if it was A$20m. We're profit conscious but not to the extent of mindlessness.

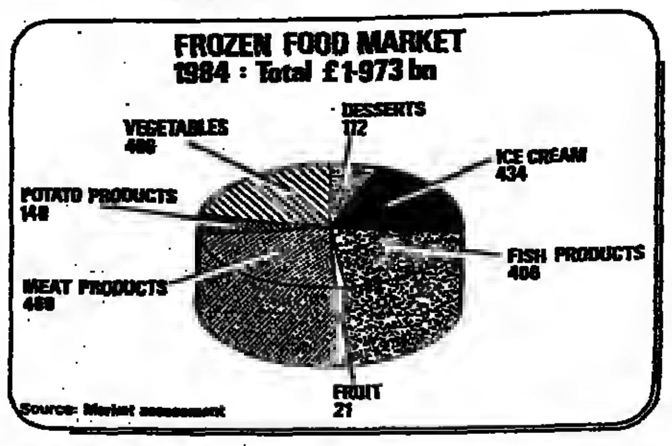
"We could never handle a Coke or a McDonald's," he says, referring to the archetypal global brands which demand a uniform creative treatment.

The future for Campaign Palace is, like Mojo, on home ground. "We're only beginning to scratch the surface here," says Daniel of the two offices in Sydney and Melbourne (which is part-owned by the largest agency in the country, George Patterson, a Ted Bates agency). "Perhaps in the next five years we'll consider overseas, possibly the U.S. The UK is too well served already . . ."

Frozen foods

## A chill wind threatens

BY DAVID CHURCHILL




FROZEN FOODS, probably the most dynamic food sector over the past decade, may be heading for a dramatic slowdown in growth in the early 1990s which could seriously upset the marketing strategies of the major companies in the industry.

While short-term growth in the sector—which has annual sales of almost £2bn—seems assured, it is in the medium term that the ascendancy of frozen foods looks threatened.

Market Assessment, a market research company which has just released a new review of the sector, warns of "some disquieting factors" that could bring about a slowdown in growth. In addition, another market research company — Mintel — also warns that technological developments in keeping food fresh could "pose a real threat to the future of the frozen food industry."

This disquieting picture of growth prospects for frozen foods will encourage the major producers—Birds Eye Walls, Ross, and Findus—to concentrate on higher value-added and convenience products to woo consumers away from product groups most vulnerable to consumer disenchantment with frozen items, such as potatoes and other vegetables.

Short-term growth in the frozen food market, however, will be fuelled by two main factors: increased household penetration of domestic freezers (including fridge-freezers) and the anticipated surge in ownership of microwave cookers.

Market Assessment's report suggests that, while 96 per cent of households now have a refrigerator, only some 65 per cent have the ability to store frozen food in some quantity. This is based on household penetration of 34 per cent for freezers and 31 per cent for fridge/freezers —figures slightly less than from other trade sources but, if accurate, suggesting that there is even more potential for market growth being spurred on by increased freezer ownership.

Microwave cookers, however, are where the real growth prospects lie. Only about 12 per cent of British households at present own a microwave—but the market is growing rapidly and has some way to go to catch up with the 40 per cent household penetration of microwave cookers in the U.S.

British frozen food companies appear relatively slow to develop frozen foods suitable for use direct from freezer to microwave oven, although such products are widespread in the U.S. McCain, the UK frozen food manufacturer, however, has just launched "Menu Classics" —complete meals on a small tray which can be cooked in six minutes in a microwave.

Apart from increased household penetration of freezers and microwave cookers, the industry's short-term growth will be helped by product innovation. Mintel points out that apart from prepared recipe dishes, developements may also come "in ethnic ranges and in vegetarian frozen foods." It expects one of the major producers to develop a range of vegetarian frozen foods, although it acknowledges that such a move will adversely affect sales of frozen meat products.

Such developments should see the frozen food industry achieve growth rates comfortably ahead of most other significant food sectors for the rest of this decade. But after 1990?

There are several potential factors which could hinder further growth:

- Greater consumer awareness of chemical additives could turn many people off frozen foods, which need considerable numbers of permitted additives to preserve colour and texture.
- The EEC is considering proposals to reduce the temperature at which frozen foodstuffs are stored—a move which, albeit still in the discussion stage, could have significant implications for manufacturers and retailers, requiring considerable investment in new freezing equipment.
- The growth in popularity of chilled foods (spearheaded by Marks and Spencer) could provide a serious alternative to frozen foods as, according to Market Assessment, "their naturalness and lack of chemical preservatives could cause immediate consumer acceptance."
- Fresh products, such as fish and vegetables, may become more widely available. Many supermarkets are already reintroducing fresh fish counters, while imports of frozen vegetables all year round will make dependence on frozen products less likely.
- Developments in new technology to preserve foods but retain quality, convenience, and a long-shelf life without any of the drawbacks of the complex and high-energy consuming complexities of frozen food distribution.

After more than a decade of non-stop growth, marketing executives in the frozen food industry may have to face up to marketing in a low-growth environment for the first time in the 1990s.

*Market Assessment product group report on frozen foods, published by Market Assessment, 2 Duncan Terrace, London N1. Price £165.*

*Market Intelligence, published by Mintel, 7 Arundel Street, London WC2. Price £55.*

# THE ARTS

## Painting/David Piper

# Ho! to Edward Burra

Looking back through catalogues of shows of Edward Burra's work I find that in the earliest I have (1949, Leicester Galleries when they were where they properly belonged, in Leicester Square) I registered but one comment. *Ho!*, it says.

And *Ho!* yet again now, at the exhibition at the Hayward Gallery (until September 29), nearing a decade after his death at the age of 71, in 1976. A salute to one of the most remarkable and disquieting visionaries, a *voyeur* indeed, to emerge in English art this century. If urged to "place" him, an activity of which he would certainly have caustically disapproved, he has affinities with the traditional English strain of eccentric idiosyncratic visionary art, as variously reprsented by Blake, Palmer, Stanley Spencer. But he was not insular, and you may legitimately calibrate atmospherics at various stages of his career, in style, formal language, or subject matter, with Léger (even his "tubism"), or Dérain, with German "neue Sachlichkeit" (Dix), with Grosz; with of course the surrealists, de Chirico, Ernst, and English contemporaries, John Banking and Paul Nash (both friends), but also with William Roberts. And so on. Burra is however almost corrosively unique, and such names (and there are many more) serve rather to adumbrate a most rich and various context for him rather than serve as recipe for an eclecticism.

"Newport" (1971) by Edward Burra at the Hayward Gallery

The Hayward exhibition is a full retrospective, starting with wonderfully talented figure studies from student days at Chelsea, and culminating in the late landscapes which may well prove for many the most remarkable experience that his work has to offer. The only show comparable in scale was the Tate retrospective not long before his death, which his admirers will remember, but this one is not to be missed. I always have the impression that Burra is not adequately represented in permanent exhibitions, but if so may well be due to technical reasons.

He almost abandoned oils quite early on, but later was using watercolour on paper on scale equal to those of largish gallery-size oil paintings. While their impact, if hung among oil paintings, may not be diminished, they need of course much lower light levels than oil paintings to counteract fading, and indeed should not be kept permanently on exhibition unless behind curtains. The size of these large works, incidentally, also confronts curators with other conservation problems: they are too big to store with normal watercolours in standard-size hygienic solander cases. At the Hayward, the light levels are lower than usual, but, hung against yellowish screens, the incandescence of colour, in which Burra very early established his mastery, seems to glow all the stronger.

The more overtly surrealist works are of course featured prominently, and retain often an eerie power. They seem to me, however, to have lost, anyway for the time being, something of their intensity as do the more straightforwardly allegorical or religious subjects. The images, as even those of Ernst, read more and more as contrivances—beaked, feathery creatures—concoctions more of whim or capricious wit than of imagination, and it is to other subjects, within the exhibition, that I returned more often. Those early ones of a multiracial society, in Toulon or in Harlem, are as handsome as ever. Violence, as ever with Burra, is, if not there, probably just round the corner, but the figures can have a monumentality and a vitality that suggests not evil but delight. Colour blooms within their contours as if on ripe tropical fruit, a smile may be as large and luscious as a slice of watermelon. It must be admitted though that the society depicted is generally more *louche*, and overtones of innocent happiness non-existent.

I rediscoverd also Burra's mastery of the still-life. In the 1950s, he was producing flower-pieces and other still-lifes, somewhat magnifying the subjects and simplifying the compositions—a trend noticeable in all his later work, compared with the earlier deliberate crowding and compression. In the flower-pieces he could produce (though technically by quite different means) a vibrancy of colour comparable to those by Odilon Redon, and intimations remote from those of the normal study of flowers. Apple and pear blossom clot and curdle into cotton wool or feather boas fit to drape Mae West (herself a favourite); a cut loaf is like a severed head with a dark platter behind for sombrero.

I came back in the end however to the landscapes. In 1949 I wrote *Ho!* against a landscape, *Sussex* (not at the Hayward but reproduced in Mr Causey's book). The later landscapes are quieter in colour, deploying broad expanses as if swelling in the constraints of roads like ropes or valleys like clefts (Christo might learn a thing or two from Burra). Perspective may be used perhaps for disorienting rather than orienting purposes. Things brood, but the onlooker knows not what broods. Melly quotes Auden: *When the green field comes off like a lid/Revealing what was much better hid—/Unpleasant* . . . The lid is not off, but whatever is holding it down is not confident. There is a presence. In one such (belonging incidentally to Mr Melly), *The Tunnel* of its title instead of driving into the flank of the downs, stands up erect in front of the slopes, like a towering Cyclops weeping a commuter train from its one eye. With Burra, trees strain to the condition not of music, but of monkey puzzles. In the allotments, a man digs, and another man mutates from the waist up into a perching, black bird, while the allotment huts deploy like gravestones.

The exhibition has offered a launching pad for three important salutes to Burra's achievements. The catalogue obviously, a very good buy at £7.50, by Andrew Causey, with introductory essays by him and George Melly, and copiously illustrated. By Causey likewise is *Edward Burra — Complete Catalogue* (Phaidon, £60); the catalogue part is complete as far as the compiler could make it as far as oil, tempera and watercolour works are concerned, but selective for the drawings; it reproduces almost everything that it lists, and would have been even more expensive without the support of the Lefevre Gallery in whose premises in Bruton Street it has been such a perennial pleasure to see Burra exhibited over the last decades. Finally, Burra's life-long friend William Chappell has edited, in a very handsome piece of book production, a selection of the artist's letters: *Well, dearie!* (Gordon Fraser, £14.95). These are almost all to the artist's close friends, written in a high camp, cursive monologue with drawings, often very funny, acidly malicious, delightedly perverse, but also often obscure to those who did not know Burra personally. But taken in short sharp doses, highly tonic.

## The Desert Air/The Pit

**Martin Hoyle**

The setting is wartime Cairo but it might as well be Aldershot for all the background feeling we get. Nor would Aldershot be any less convincing for the chance reunion of a British officer and the pre-war Polish bride who has wandered round Europe in a random search for him.

The trouble with Nicholas Wright's play, seen last November at Stratford's Other Place and now bivouacked at the RSC's not too hospitable London oasis, is that comic-strip rollicking—as in a series of mad taxi-rides round Cairo night-spots — demands a ferociously stylised comedic approach (here we could do with the Keystone Kops), but remains uneasily naturalistic in Adrian Noble's earth-bound, possibly sand-clogged, production.

There are giant foosteps in these sands. Waugh has been here before with his sword of honour; Olivia Manning trod her feline way not a thousand miles hence in the Balkan trilogy. British officers plot and bumble over which faction of the Yugoslav resistance to support.

Historically, the Special Operations Executive abandoned the royalists in favour of Tito's Partisans after dithering which stemmed as much from mistaken intelligence and wrong-headedness as the difficulty of assessing potential allies in an occupied country.

*Chief* among the schemers is Colonel Gore ("the Hippo"), son of a hatman, whose rise in the regiment has been aided by positively Bilko-like conniving. He hates, he admits, many: "Women who deny their femininity . . . Wogs who deny their wogness . . . Tall men." For, like Churchill and Napoleon and such geniuses, he is a proud "stumpy" (though the characteristic stomach plays up with gippy tummy) and mistrusts "the pointies" of this world with their elevated superiority. (He is right, actually.)

The splendid Geoffrey Hutchings never quite focuses the conflicting elements — traditional upper-class sensibilities that scent "Hebrew bolsheviks" a mile off, for instance, with the barrow-boy spivvishness. (His men's organised pilfering of supplies in an elaborate nocturnal operation recalls the theatrically more thrilling coal-stealing in *Chips With Everything.*) The fault lies with the play's veering between farce and realism, disjointed and discursive, despite a fine Falstaffian dismissal of "honour" as a four-letter word—no, five: plural. Mr Hutchings raises one eyebrow while pursing crooked lips like a moustachioed Wendy Hiller, but never engages us as much as I suspect he is meant to.

Nicholas Farrell turns in another decent chap, all firm-jawed sensitivity and honking solicitude. Polly James gamely tackles a stereotype. And Cécile Paoli is the most unlikely Pole since Cornel Wilde plonked out mazurkas in *A Song to Remember*. Which accounts for the hump on the camel; and this critic's long-suffering smile.

## Fighting Chance/Apollo

**B. A. Young**

We are in a centre for neurological patients. They are four paraplegic men and one young woman who is being educated back from a total loss of mental capacity to some kind of ability to cope with life.

The various disabilities of the men are imitated by the players with moving realism. Tony (Brian Marshall) sits in a wheelchair making saloon-bar jokes until he is coaxed into standing up, but not walking. Len (Victor Maddern) has fallen from a crane and must spend the rest of his days with a bowel embarrassment. Douglas (Lewis Jones), after a stroke, has trouble with his left arm and leg. Philip (Simon Williams) has a tumour on the spine and walks like a sufferer from infantile paralysis.

Kathy, the girl, is Elizabeth Quinn, whom we last saw deaf and dumb in *Children of a Lesser God*. She is speaking now for the first time on the stage, and it is said that she cannot hear herself when she speaks. This is something we must forget in assessing her performance, which is magnificent by any standard. The gradual increase in her ability to talk, to listen, to express herself, is utterly convincing, and the problems she has in playing are not our business, however much we may admire her courage and determination.

Having expressed my admiration for the players, I must reluctantly turn to the play by N. J. Crisp. Apart from a foreseeable romance between Philip and Kathy, there is no story at all. We move from scene to scene in the rehabilitation centre, which Stuart Stanley has designed so that every room seems surrounded with wall-bars, observing the progress of the patients as they are dealt with by Joyce Rae the physiotherapist and Penny Brownjohn the speech-therapist. We might as well be watching a six o'clock television serial. Even the cliche-ridden dialogue with its humour and its sentiment and its absolute lack of depth comes from that kind of work.

I shall no doubt be told that I am being unsympathetic towards the disadvantaged, whose problems are emphasised throughout the evening. Every scene was greeted with generous applause, especially if Miss Quinn was in it. Let no one believe that the applause was for dramatic excellence. It was for the courage of disabled people in general.

Roger Clissold is the admirable director.

## Handel in America

**Andrew Porter**

Suddenly—but in the tercentenary year not surprisingly—Handel opera productions have been cropping up all over America. *Agrippina* in Fort Worth; *Radamisto* in San Francisco, *Ariodante* in Charleston, South Carolina, *Tamerlano* in Bloomington, Indiana, *Imeneo* in Carmel, California. In New York City, star-cast and every-note-complete concert stagings of *Orlando*, *Ariodante*, *Semele*, and *Alessandro*. In Purchase, New York, *Giulio Cesare*, *Teseo*, and *Tamerlano*—on one day all three playing simultaneously, beneath one roof.

Most of these shows were conceived in a spirit different from that which in earlier years prompted the New City Opera's travesty of *Cesare*, the Met's of *Rinaldo*, Covent Garden's of *Alcina*. What for decades has been affirmed by ardent Handelians became generally apparent: that the operas are not too long to be done without drastic abridgment; that each of them has its distinct character (what Verdi called the *tinta* of a work); and that froufrou presentation, as of quaint old pieces acceptable only with fancy frills, diminishes their drama and directness.

Purchase is a many-theatred campus of the State University of New York, about 40 minutes drive from the city, set in parkland, woods, and meadows; and there each summer PepsiCo (whose headquarters, famous for open-air sculptures and Russell Page gardens, are across the road from the campus) sponsors Summerfare, a festival. There have been important things in the past — John Eaton's *Cry of Clytemnaestra*, the Strehler *Tempest*—and this year, with Christopher Hunt the new director, there is richer and more adventurous fare than ever before: concerts, cabaret, theatre, operas, and eight dance companies.

*Cesare* and *Teseo* were poles apart in manner but built on a common foundation of belief in the music as Handel wrote it. Both were given uncut. *Teseo* was staged and led from the first harpsichord by Nicholas McGegan. The show began at the Boston Early Music Festival. When I saw it there, I felt that the contrasted characters of the sorceress Medea (a role Jennifer Vyvyan would have been splendid in) and the gentle but firm princess Agilea were not strongly realised. The glory of the event was the playing of the orchestra: a hand-picked body of America's finest early-music instrumentalists, assembled from Boston, New York, and California, and inspired by McGegan to be a band whose virtuosity, liveliness, beauty of timbre, true intonation, and joy in expressive phrasing surpassed those of any other Baroque band I have ever heard, anywhere.

The players sat, old style, in a long double row at stalls level—principals facing the singers, watching them, breathing with them. The star of the evening was the oboist Stephen Hammer, in the virtuoso part Handel composed for John Galliard. But something is wrong when opera singers are outshone by their accompanists. In Purchase, in a warmer and more attractive theatre, there was a more even balance of accomplishment. The singers had grown into their parts.

**Handel operas are not too long to be done without abridgment . . . each has its distinct character . . . fancy frills diminish the drama**

The presentation was 18th-century reconstruction, with Baroque gestures, simulated candlelight, plumed head-dresses, and the men in lamp-shade skirts. Horrid monsters, fireworks, and a dragon-drawn aerial car were fun. It wasn't a tense drama, but it was a feast of musical delights of which one could hardly have too much. I was at Purchase (producing *Tamerlano*), and slipped into *Teseo* whenever possible to revel again in the sensuous beauty of this early opera, which uses oboes, recorders, flutes and bassoons so richly and was performed with such grace and finesse.

Drew Minster, the Arcanus, was the outstanding performer: a counter-tenor who ravishes all ears with his timbre and his line. Judith Nelson was a true, gentle Agilea. The title role was taken by an astonishing "sopranist," Randall Wong, who can run up to high D.

*Cesare*, on the other hand, was set in the modern Middle East, and produced by Peter Sellars in an eclectic style that ranged from Baroque gesture invested with an amusing Egyptian inflexion, through Kabuki, to pop idioms of our day. It was very brilliant, very sensitive, thoroughly musical — a dazzling display of high spirits, high action, passion, quiet contentment, frivolity, defiance, despair, tender love, and all the rest that makes *Cesare* one of the richest and longest of Handel's operas. Jeffery Gall, in the title role, was brilliant both as a singer and as a smiling, smiling statesman who flirts, falls in love, and at last snatches victory from setback. Susan Larsen traced Cleopatra's eight-aria progress from light-heartedness to lambent maturity with a line, both vocal and physical, that was ever eloquent.

Lorraine Hunt, the Sextus, is a find; with wonderful directness and candour in her tones. All were good. If Handel staging is to be updated, this is the way to do it, within a dramatic metaphor that easily matches the drama and fits the libretto.

The *Ariodante* in Charleston was Baroque in gesture, and Baroque in instrumental forces, but the orchestra was deep in a pit, not in intimate contact with the singers; and the production was vitiated with pointless little actions — fetching flowers or fans; other characters coming on, mopping and mowing, going off again — to "fill in" ritornellos. The Juilliard School, in New York, put on a *Serse* cut to shreds and staged, by Norman Ayrton, in the reachmedown-Restoration style that one hoped never to see again.

Outstanding among several oratorio performances was a *Belshazzar* semistaged in Alice Tully Hall, produced by Nicholas Deutsch, conducted by Roger Nierenberg. Bare stage; minimal props; simple, potent lighting; and a disposition that threw the drama into strong relief. Mr Gall (Cyrus), Mr Minter (Daniel), and David Gordon (Belshazzar) were remarkable. The Pro Arte Chorale was strong and grand.

## New productions for ENO season

The English National Opera's season, which will include two new productions and three revivals, opens at the London Coliseum on August 28.

The first new production is a joint one with Houston Grand Opera and the Los Angeles Music Opera Centre Association of Offenbach's *Orpheus in the Underworld*, sponsored by the National Westminster Bank. Marking cartoonist Gerald Scarfe's début as an opera designer, and produced by David Pountney, it opens on September 10.

The second is Gounod's *Faust*, opening on October 24, conducted by Jacques Delacote, produced by Ian Judge and designed by John Gunter, all making their ENO debuts. Sponsored by the Friends of ENO, this is a co-production with Opera North.

Other operas next season are revivals of Jonathan Miller's production of Verdi's *Rigoletto*, *Cosi fan tutte*, and *Don Carlos*.

## 'Mrs Warren' replaces 'The Entertainer'

After the postponement of the National Theatre's production of John Osborne's *The Entertainer*, its place in the repertoire will be taken by Shaw's *Mrs Warren's profession*, opening on October 10 with Joan Plowright as Mrs Warren.

The National Theatre hopes to present *The Entertainer* next year.

## Italian Dance/Aterballetto

**Freda Pitt**

In the eight years of its existence under the directorship of Amedeo Amodio, Aterballetto, with 18 dancers plus occasional guest artists, has become by far the most active dance company in Italy. ATER stands for Associazione Teatri Emilia-Romagna; this guarantees the group engagements in the Association's theatres in that region, which include the splendid opera houses of Ferrara, Parma, Modena, Piacenza and Reggio Emilia, with the Teatro Municipale of the last-named town as their headquarters, where the dancers rehearse and where each new programme is inaugurated. A countrywide tour habitually follows, with quite frequent overseas excursions: this autumn the company will make its New York debut.

With ballets by Balanchine, Bournonville, MacMillan and Tudor in the repertory (which is not ephemeral like that of the Italian opera-house companies), Aterballetto shows a laudably different concept of choreographic values.

The American choreographer Glen Tetley has had a home in Italy for some years, and he is well acquainted with the work of Aterballetto. His *Sphinx* and *Mythical Hunters* are in the regular repertory, at home and abroad (their production of *Sphinx* was very well received during the company's London visit). He had promised them a new ballet, which has now been given its first airing, at the Teatro Municipale, during the Reggio Emilia annual summer dance festival. It formed the second part of a double-bill opening with Peter Schaufuss's joyous Bournonville potpourri.

Tetley's note on *The Dream Walk of the Shaman* reads: "The Shaman is the visionary guide to the dream place where human and animal forms metamorphose into each other and the elements." No wonder, then, that the mood is mysterious and sombre, and the lighting (by Graham Large) mainly dim. The characters have names such as Wind Girl, Water Boy, Raven, Wolf and Moon Woman, but to distinguish them at a single viewing would have demanded unusual powers of divination. John Macfarlane's abbreviated costumes for the men and all-over tights for the women proving of little assistance to that end.

With 10 dancers in the cast, Tetley reserves the plums for the six men, as has become the norm. The two principal roles, the Trickster and the Coyote, both call for technical skills of a high order, which Marc Renouard and Alessandro Molin can supply in abundance, though Molin is rather too mild-looking to bear such an appellation with any credibility. Renouard, in rusty red trunks and with silver-coloured bracelets on ankle and upper arm, loped, crouched, turned and sprang with an air part shifty, part menacing. He also partnered Patrizia Comini (the Changing Woman — an enigmatic label) in two intricately acrobatic pas de deux in a mixture of classical and modern vocabulary, classical predominating, with the exception of occasionally turned-up feet or distorted arm, hand and shoulder movements. Like the other women, Comini wore point shoes. With more frequent leaps, and swooping movements, Molin also, in his biggest solo, performed steps that for the most part differed little from those to be found in virtuoso classical variations: beats, *jetés*, *ronds de jambe*, *pirouettes* and *arabesques*, with the very slightest of modern accents.

For the (taped) accompaniment, Tetley chose two works by Ernst Krenek, who was born in Vienna in 1900 and several times changed his country of domicile as well as his musical style. His Opus 213 and Opus 214, *Kitharaulos* and *Statisch und Ekstatisch* consist of a string background overlaid first with a percussive piano then with a variety of percussion instruments. Parts of the score do not readily lend themselves to dancing; on the other hand, the music matches the mysterious atmosphere that Tetley aims at creating.

At a first viewing, my impression was that the work — which in some ways recalls *Mythical Hunters* — did not entirely hang together, no character being clearly established other than that of the Trickster, and he more by means of his style of movement than by any more precise demonstration of his title.

# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

August 2–8

## Exhibitions

### WEST GERMANY

**Munich**, Staatsgalerie moderner Kunst, Prinzregentenstr. 1: German Art since 1960, 200 paintings, prints and drawings by 13 artists from the private collection of the German Prince Franz of Bavaria. Among them: Beuys, Richter and Kiefer. Ends Sept 15.

**Berlin**, Gropius Bau, Stresemannstr. 110 Berlin 61: Treasures of the Forbidden Cities. Timed to coincide with this year's Berlin Horizon 85, the Peking Palace museum is coming to Europe for the first time, with roughly 120 works covering 3,500 years of Chinese history. The exhibition in Berlin includes gold, and jade, paintings, porcelain, musical instruments and calligraphs. Ends August 18.

**Hildesheim**, Römer und Pelizaeus-Museum, Am Steine 1–2: Nofret, the exhibition covering Women in Egypt. For its last stop in Germany, the exhibition will carry 177 pieces, an extra 96. Some 30 objects are on loan from the Egyptian Museum in East Berlin. It is the biggest assembly of Pharoan Art. Ends Nov.

**Berlin**, Nationalgalerie, Potsdamer Straße 50: New acquisitions '75-'85, offer 500 works from between 1820 to 1985. Some 300 important artists participate. Ends Aug 25.

### LONDON

**The Tate Gallery**: Francis Bacon, Britain's greatest living painter accorded the rare distinction at the age of 76 of a second full retrospective exhibition at the Tate, 20 years after his reputation as an artist of world standing was first put beyond all doubt. Now we see him no longer as a unique and extraordinary figurative, surrealist expressionist, but as an artist who has come at last into his own, as younger painters have come round again to the human figure as the central, creative preoccupation. As the subject matter is now more acceptable, so his peculiar and tormented re-invention and reconstitution of the figure no longer shocks. Ends Aug 18.

### PARIS

**Renoir**: An important exhibition of the most sensuous of the impressionist painters, who never tired of glorifying the nude feminine body capturing the light, comes to Paris from the Hayward Gallery, London. It consists of some 125 paintings and 30 Drawings, including Le Bal du Moulin de la Galette and La Danse à Bougival, Grand Palais, Closed Tue. Ends Sept 2 (261 5410)

**Robert and Sonia Delaunay**: for the 100th anniversary of their births, his in Paris and hers in the Ukraine, a retrospective of some 300 objects, paintings, drawings and decorative projects brings to life their joint pictorial adventure. Whether exploring abstract painting or disarticulating Eiffel Tower images, their colours are vibrant, their *joie de vivre* explosive. Musée d'Art Moderne, 11 ave du Président Wilson. Closed Mon, Wed late closing. Ends Sept 8.

**Perfume**: An enchanting exhibition in praise of perfume assembles 550 objects, mostly phials, bottles and perfume fountains from the 16th to the 19th century. Some were made of Viennese porcelain, others of Bohemian cut glass or from gold and enamel in England. There are silver pomanders with petals opening up and Chelsea china statuettes. They all show exquisite workmanship and some of perfume's power to beguile. Le Louvre des Antiquaires, 2 Place Palais Royal. Ends Sept 15.

### BRUSSELS

**Opera costumes** from 1959 to the present including Zeffirelli's Rigoletto, Bosquet's Traviata and Karl Ernst Herreman's Clemency of Titus. Musée de Costumes et Dentelle. Until November.

### ITALY

**Florence**: Museo Archeologico (Piazza SS. Annunziata) – The Etruscan Civilization: This is the first of a long series of exhibitions to mark The Year of the Etruscans, and shows the results of the most recent research into the Etruscan world. A useful history of this civilization's birth, development and decline. Ends Oct 20.

**Florence**: Palazzo Pitti (Sala Bianca): Modern masters from the Thyssen-Bornemisza collection: The pleasure to be had from this remarkable exhibition is that it reflects the taste and prejudices of one individual: one of the few left who can afford Corot, Manet, Gauguin, Picasso – and who is generous enough to send them to be exhibited in France, England, the U.S., Australia, Japan, and now Italy. This same collection, with a few exceptions, was seen at the Royal Academy in London last autumn. Ends Sept 29.

**Naples**: Istituto per l'arte Contemporanea: (Piazza dei Martiri 58). Vesuvius by Warhol: After Marilyn Monroe, Elvis Presley and Mao Tse Tung, Andy Warhol turns his attention to a fascinating natural phenomenum, with entertaining and colourful results. Ends Sept 1.

### NETHERLANDS

**Amsterdam**, Film Museum (Vondel Park 3). The French Cinema 1929-1946. This week films by Chabrol, Clair, Vigo (Fri, Mon to Thur, all matinee). (831646).

**Port of Amsterdam**. Sail Amsterdam, the five-yearly gathering of tall ships from all over the world, will once again feature the majestic Kruzenshtern from the Soviet Union and Italy's Amerigo Vespucci, a dozen other square-riggers and hundreds of smaller craft. Ends Tue.

### SPAIN

**Santander**, Santillana del Mar. The splendour of pre-Colombian culture. Gold exhibits from the Quimbaya Treasure. Fundacion Santillana, Torre de don Borja. Ends Aug 30.

**Santander**, Paintings and sculpture by modern Spanish artists, Antonio Lopez, Andreu Alfaro, Antonio Saura, Eduardo Chillida. Fundacion Marcelino Botin, Santander. Ends Aug 9.

### SWITZERLAND

**Martigny**: Fondation Pierre Gianadda: 250 Klee paintings in the striking modern gallery built over the Roman ruins of the city of Octodurus. Ends Nov 3. (026/23978).

### VIENNA

**Vienna 1870–1930: Dream and Reality**: The greatest names of the Viennese fin-de-siècle – Klimt, Otto Wagner, Schiele, Kokoshka, Adolf Loos, Josef Hoffman – in a dazzling display of Jugendstil creative genius. The attempt to integrate the artistic achievements of this era with philosophical developments (notably Wittgenstein but also Freud) and political transformations (the emergence of municipal socialism on the ruins of Baroque splendour) is ambitious and only partly successful. The complex tension between autocratic and censored reality on the one hand and the illusions or fantasies of individual artists on the other is hinted at but not fully explored. A high point of the show is a reconstruction of Hoffman's room at the secession exhibition of 1902. Here, triumphantly restored, is Klimt's fifty-foot Beethoven frieze depicting humanity's progress through suffering to joy on the theme of the Ninth Symphony. Displayed exactly as intended, this alone is worth a special visit. Kunstlerhaus. Ends October 6.

### NEW YORK

**Metropolitan Museum**: 30 objects from the period between the 1851 Crystal Palace Exhibition to the 1900 World Fair in Paris demonstrate the show's theme of Revivals and Explorations in European decorative arts. Ends Sept 5.

**Asia Society**: Japanese art of the supernatural, featuring ghosts and demons that turn themselves into humorous creatures to harass guilty and innocent, are illustrated in prints screens, small sculptures, paintings and netsukes from the 17th to 19th centuries. Ends Sept 1.

### WASHINGTON

**National Gallery** (West Bldg): 36 old master paintings from the Dulwich Picture Gallery are exhibited under the title Collection for a King, including works by Rembrandt, Van Dyck, Canaletto and Gainsborough. Ends Sept 2.

### CHICAGO

**Art Institute**: Though Edouard Manet made etchings primarily to reproduce and publicize his paintings, he developed a unique style as shown in the 27 etchings in this special exhibit of more than a third of his total output of 75 etchings. Ends Sept 2.

### TOKYO

**Modigliani**: 130 works in oils, watercolours, and sculptures. National Museum of Modern Art, Kitanomaru Park (near Palace and Imperial Hotels and parts of Tokyo's oasis near the Imperial Palace). Ends Sept 29.

**Contemporary Western Art**: Small standing collection of Hara private museum (Shinagawa) includes works by Dubuffet, Jasper Johns, Lichtenstein, Jackson Pollock, Vasarely, Warhol. The museum is a modern house, with a large shady garden and facilities for tea on the lawn. It is an ideal antidote to Tokyo's concrete and heat. Ends Sept 23.

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# The future of British Steel

BRITISH STEEL Corporation has been struggling for several years, more successfully than most of its European rivals, to bring its capacity into line with demand. Several works have been closed and productivity has risen to respectable levels. But the biggest problem has been the existence of three hot strip mills (the plants that make sheet steel for cars, domestic appliances and the like) when only two are needed. Of these three mills—Llanwern and Port Talbot in South Wales, and Ravenscraig in Scotland—the last has always looked the most vulnerable, not least because of the decline of its most important local customers, the Linwood car factory and the Bathgate truck works.

Strong lobbying from Scottish interests has saved Ravenscraig from closure in the past and, under the BSC corporate plan announced yesterday, it has again been reprieved, at least for the next three years. But this time the decision can be plausibly defended on grounds of industrial logic. Indeed the plan as a whole seems to mark a step forward in the rationalisation of the British steel industry.

### Private sector

There is a fourth hot strip mill in the private sector—at the Greek-owned Alphasteel works in South Wales—with a capacity of over 1m tonnes a year. Under the plan announced yesterday BSC will acquire part of Alphasteel's business, transfer some of the equipment (principally two continuous casting machines) to the nearby Llanwern works and close down the hot strip mill.

The outcome should be to increase quality, efficiency and throughput at Llanwern while taking out a slice of hot-rolled coil capacity which is in surplus in the European Community. This is, of course, the opposite of privatisation, but it is clear that the Alphasteel strip mill has no future on its own and the agreement seems to be a sensible move to restructure this part of the industry.

The re-equipment of Llanwern will take time, as will the modernisation of Port Talbot, where a new re-heat furnace is to be installed. During this period BSC thinks it will need the output from Ravenscraig to keep its customers supplied. Thus the commitment in yesterday's statement to maintain steelmaking for at least the next three years at all BSC's five integrated works (the other two are at Redcar in the North-east and Scunthorpe in Humberside) looks to be less a concession to the Scottish lobby than a realistic assessment of the corporation's needs. In any case the commitment is "subject to market demand and BSC's performance."

This point was reinforced yesterday by Mr Norman Tebbit, Trade and Industry Secretary, when he warned that no particular works or plant could be regarded as permanently safe. There must be a question mark about the long term future of Ravenscraig, but no major investment decisions are imminent and the corporation can afford to wait. The closure of the Gartcosh cold rolling mill, situated near to Ravenscraig and an important outlet for its coil, does not necessarily mean that the writing is on the wall for the complex as a whole. The corporation can fairly represent this move as a rationalisation of cold rolling capacity to enable output to be concentrated on the modern mills.

There are in any case great difficulties in predicting demand for British steel in three or four years' time. One uncertainty is the future of the EEC steel regime. Another is the sterling/Deutschmark relationship, which affects not only the profitability of BSC's exports but also the price level in the domestic market.

The important point is that BSC must be free to take commercial decisions in response to market trends and to restructure the business in a way that makes economic sense. The chronic weakness of the British steel industry, under private and public ownership, has been the diffusion of investment over too many sites, some of them quite unsuitable for low-cost production. The over-investment of the 1970s, followed quickly by a slump in demand, compounded this problem; political interference made it even worse.

The task now is to concentrate investment on fewer sites and load the plant as fully as possible. The rationalisation process must involve the private sector, as in the Alphasteel arrangement and in the so-called Phoenix Two project, whereby BSC and GKN will pool their special steels and forgings businesses in a new joint company. BSC itself is trading profitably and the Government is determined, in line with EEC rules, to pay no further subsidy after the end of this year. If the politicians keep out, a viable business could at last be emerging.

# Moving the BBC goal posts

ALTHOUGH is was rather pleasant to turn on the eight o'clock news yesterday morning and hear Chopin in its place, almost everyone involved in pursuing the ban of the BBC television documentary, At the Edge of the Union, must by now be suffering some misgivings.

No-one comes out of it particularly well. Mrs Thatcher must be regretting falling for what she thought was a hypothetical question about interviews with the IRA in Washington two weeks ago. She need not have answered. Mr Leon Brittan, the Home Secretary, must have doubts whether he was wise to hound the BBC in public over a programme he had not seen.

Mr Stuart Young, the corporation's chairman, looked foolish in both agreeing to the ban and claiming at the same time that it was not censorship. Mr Alasdair Milne, the director-general, should have curtailed his holiday in order to come home and sort out the mess.

### Out of hand

Mess, yes; conspiracy, no. It is inconceivable that even a government with such a talent for slipping on banana skins could have deliberately set off a chain of events that so rapidly became out of hand. In the end it is a matter for sorrow rather than anger.

The programme was shown before an invited audience under the auspices of the National Union of Journalists at the Institute of Contemporary Arts in London yesterday. It contains nothing exceptional and certainly no cause for banning.

It juxtaposes a suspected leader of the IRA and an extreme Unionist who is prepared to resort to arms. Almost nothing is shown of the people in between or of the Catholic SDLP which make up a large part of the Ulster population. Mr Merlyn Rees, who is both a former Home and Northern Ireland Secretary, said afterwards that he saw no justification whatsoever for the charge that it is soft on terrorism. He is right; the programme could quite easily have appeared on BBC television.

Some damage has been done by keeping it off. For a start, the IRA has received far more publicity on this occasion by being censored than by being allowed to be seen. Probably most people outside Ireland had never even heard of Mr Martin McGuinness before. His is now a well-known name.

The BBC's External Services have suffered because, however unjustly, their reputation for independence has been challenged. Radio Moscow and other foreign stations not famed for objectivity have already taken full advantage of it. Not least, relations between the BBC staff, senior management and the governors have been seriously strained. That is no way to run a corporation.

As normal services resume today, the rules need to be clarified. On the political level the Government must make up its mind about Sinn Fein, the political wing of the IRA. If Sinn Fein candidates are allowed, even encouraged, to stand for parliament and in local elections, it is inconsistent to deny them air-time.

It is even stranger to allow them to appear on local radio in Ulster, as they do, yet to keep them off mainstream British television. That looks like one rule for Northern Ireland and another for Great Britain.

There is also going to have to be a more effective chain of command at the BBC. Of course, the Government retains the right to request programmes to be dropped or amended and even *in extremis* to ban them. But it must be made perfectly clear that the Government is acting directly on its own responsibility. The system of shuffling off decisions on to the board of governors is unsatisfactory. Indeed it is not obvious why there need to be 12 governors when perhaps two would do.

For the rest the BBC should be run by its staff headed by the director-general who would seek the maximum of autonomy within a few carefully defined rules. If the organisation is to regain its reputation for independence, nothing less will do. What we have seen in the last two weeks is an attempt to move the goal posts while the game is in progress.

U.S. CONSUMER ELECTRONICS

# Compact discs to the rescue

By Paul Taylor in New York

A FEW years ago in America a "CD" was something the local bank tried to persuade you to buy. A bank certificate of deposit didn't pay much interest — but it helped to get a good credit rating.

Today the term has a new and very different meaning, one that has helped set the stagnating U.S. audio industry on fire, sent every self-respecting "Yumpie" (young upwardly mobile professional) scrambling for a set of digital headphones and sparked a marketing war among the world's leading consumer electronics groups.

The compact disc player revolution has "arrived" in the U.S. In 1985, just two years after its introduction into the U.S. market, between 600,000 and 800,000 of the players, which use laser beams to read digitally-encoded music from a virtually indestructible mirror-shiny disc about the size of a saucer, will be sold in the U.S.

Exciting new products are likely to appear later this year. Sony and other companies are expected to unveil sophisticated new players that can be plugged into a television set via a special socket and display graphics as well as play music. Such a facility might be used to throw up the video equivalent of a record sleeve or the libretto that accompanies most of the CD discs plastic cousins.

Sales in the U.S. have grown from just 35,000 in 1983 to 208,000 players last year and are projected to reach 1m in 1986. The CD player ranks as the audio component industry's hottest new consumer product since stereo and the long playing disc.

"There is no doubt that the CD has revitalised the audio industry," says Mr Marc Finer, product and consumer manager for Sony's U.S. audio division. There is also little doubt that the $3.2bn-a-year home audio industry badly needed a lift.

After the failure of quadrophonic sound and other gimmicks, many U.S. audio dealers sought solace, and profits, by "going portable," relying on sales of Walkman personal stereo units and the omni-present "boom-box" or "ghetto-blaster" — large integrated stereo systems with a carrying handle — to bolster otherwise flagging sales. Others gave up audio almost entirely.

The CD player's superb sound, sophisticated features and relative ease of use have won new converts to audio — and brought customers back into the record shops. Even an initial lack of "software" — the 4.7 in diameter silvery discs themselves — has not stunted demand. Now that too is changing.

According to Billboard magazine, there were just 200 record titles available in the U.S. when the players were first introduced in early 1983.

At the end of last year, the U.S. Recording Industry Association estimates, there were 3,000 titles available with more on offer every week.

Overall, CD disc sales in the U.S. increased more than sevenfold last year to around 5.8m, worth over $100m, and are expected to jump to well over 10m this year, or about 30 per cent of the projected world market.

For some classical record labels, CD disc sales already outsell LPs and cassettes in dollar terms while a similar picture emerges at record stores. CD disc sales represented about 5 per cent of total dollar sales last year but have more recently been accounting for between 10 and 30 per cent.

Evidence of the pent-up demand for discs, at an average price now of around $13 each, can be found in the queues that form outside record stores on the rare occasions they hold CD sales. But shortages are easing as a new and fast-growing "pressing" industry moves into higher gear.

The only major CD disc manufacturing plant in the U.S. is currently a joint venture operation called Digital Audio Disc Corporation, between Sony and CBS, set up in 1983 with an initial $21m in capital investment. This year the Indiana-based company has undergone a major expansion, lifting its capacity from 400,000 discs-a-month to 1m. Meanwhile, at least, two new CD manufacturing plants are currently being built in the U.S.

The CD player market in the U.S. is already dominated by Japanese manufacturers led by Sony, JVC and Matsushita. Sony alone claims "well over 30 per cent" of the U.S. market. Together with Matsushita's Technics brand, JVC and Pioneer, the big Japanese companies appear to have established a stranglehold grip on U.S. CD player sales.

The biggest question mark hangs over the Dutch Philips group's attempts to grab a share of the U.S. action under its Magnavox brand name.

As co-developer of the CD player and disc format with Sony, Philips should have had a head-start in the market place. But some U.S. industry executives suggest Philips was "slow off the mark."

Without the protection afforded the Dutch group in Europe—where a 19 per cent EEC tariff imposed on imported Japanese CD players last year may help limit the Japanese threat—Philips has found the going tough.

But Philips is fighting back. Last year North American Philips, the Dutch group's U.S. affiliate, claims to have sold 23,000 Magnavox players in the U.S., giving it an 11 per cent market share, in line with the group's stated target of a 15 to 20 per cent world market share, including a 10 per cent share in the U.S.

To be a major player in the U.S., Philips will have to take on the Japanese head-to-head and cut into the already well established sales of its competitors. There is little indication that the Japanese are prepared to allow that.

Sony is spending heavily on advertising and rolling out portable CD players, car CD players and a integrated stereo system version of CD this month in a bid to stay one step ahead of the competition. In the autumn alone the Japanese group is spending $3m promoting just its popular battery-powered portable D-5 player and car players.

To match the Japanese, Philips is being forced to follow the same basic route, introducing a car player, a portable that is lighter than Sony's model, and, later this year, a stereo system version which, promises Mr Lou Slangen, North American Philips vice-president in charge of marketing, will be accompanied by an aggressive advertising campaign.

One odd effect of this fierce scramble to establish market share has been to turn the classic economic theories of supply and demand on their head.

Normally with demand exceeding supply, as it did for CD players in the U.S. until just a few months ago, prices might have been expected at least to hold steady. But the reverse has happened. When Sony and Philips introduced the first players into the U.S. they carried a retail price tag of almost $1,000. Today a player with similar, or improved features, can be bought for $250 or less in discount stores.

While it is still possible to pay $1,000 or more for manufacturer's top-of-the-line model, loaded with fancy features like infra-red remote control and full micro-chip-driven programmability, the average price of CD players sold in the U.S. has fallen from $428 in 1983 to around $280 this year.

Some industry analysts are now projecting prices of around $150 during the peak Christmas selling season.

That poses a threat for some CD player makers, which also manufacture other hi-fi components, like record turntables, and could see these sales cannibalised by the success of the CD player. But it is a game they appear compelled to play.

Sony's Mr Finer explains that manufacturers, aware that future sales and therefore market share may well depend on word-of-mouth recommendation as much as fancy marketing, have introduced low-priced entry level machines to attract a large initial customer base.

This dramatic erosion in base product prices has already led some industry analysts to suggest that the still infant U.S. CD player market is in danger of following the rest of the audio business and becoming a cut-throat "commodity" market where margins are thin.

That is good news for a growing base of potential buyers, but not so welcome for manufacturers. To counter this possibility, the CD player manufacturers are busy planning new products, which, at least initially, can command a price premium.

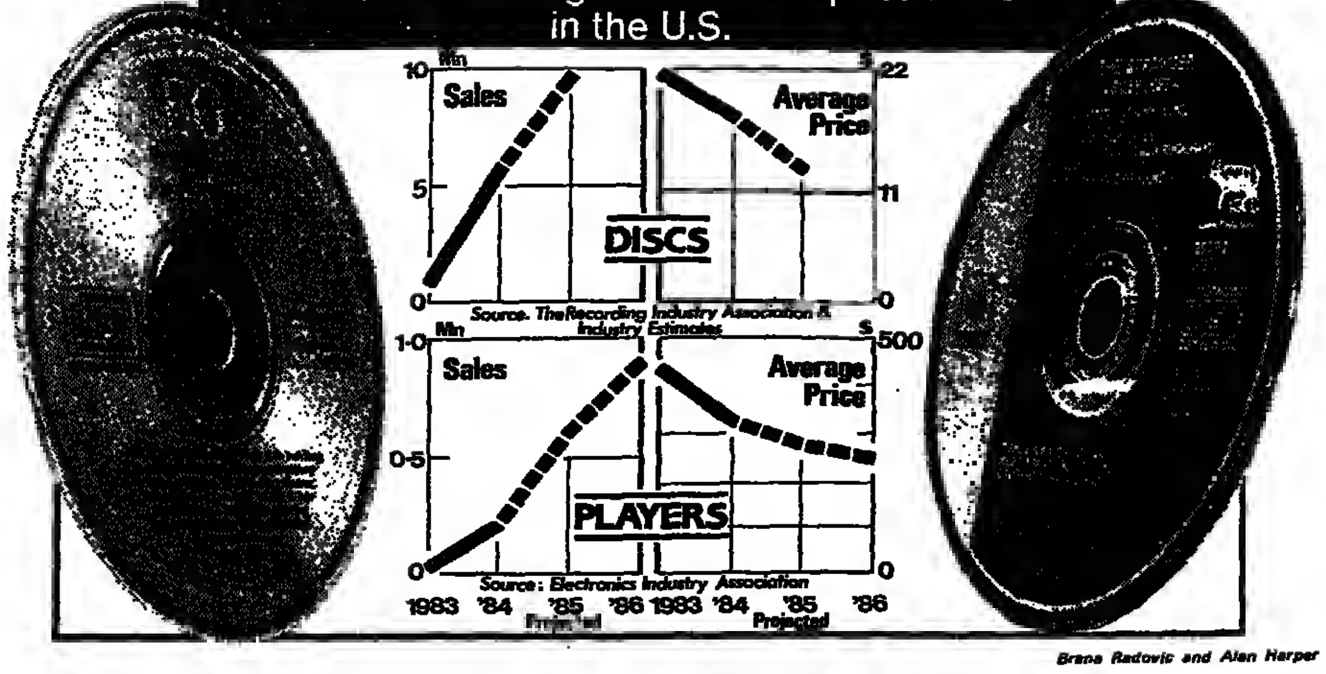
The manufacturers, for example, are looking to use the CD-disc format as a medium for new forms of digital information storage. At a recent U.S. electronics trade show, Philips showed off a prototype CD-Rom (read-only-memory) player. Using such devices which have huge storage capacity, one major U.S. publishing group has already demonstrated the ability of a CD-disc to store a whole encyclopedia.

Initially such devices are expected to be pricey and probably largely confined to institutional uses such as libraries or the providers of existing electronic data bases. But in the troubled U.S. home computer industry, manufacturers are already talking about turning the CD-Rom into a consumer product to live alongside a home computer.

The current price of CD-players still means that their market is limited to being the "favourite toy" of the post-war baby-boomer generation. As other consumer goods manufacturers in the U.S. have discovered to their cost, Yumpies can be a fickle bunch.

But at least, for the moment, the U.S. audio industry, and manufacturers in Europe and Japan, are betting they have at last found a winner with staying power.

The dramatic growth of compact discs in the U.S.




Brana Radovic and Alan Harper

## EUROPE: FRONT LINE BETWEEN PHILIPS AND JAPAN

IT IS not just Americans who have fallen in love with the compact disc. In Switzerland, West Germany, Holland and France, sales are also soaring. The British, still recovering from their passions for home computers and video recorders, are taking longer but the latest signs are that the blood is quickening.

This year, sales of compact discs in Japan are expected to reach 15m, more than in the U.S. which has twice the population.

The battle for market share is essentially between Philips, the Dutch electricals giant, and its rivals in Japan which gave it such a drubbing in VCRs.

In Europe, Philips, which developed the CD player with help from Sony, is struggling to hold back a growing invasion from Japanese consumer electronics groups including Matsushita, Akai and Hitachi. So far it has had some success and claims to be market leader in Europe by a significant margin.

It is certainly being helped by a 19 per cent EEC duty on imports and what have been generally favourable reviews for its products from the hi-fi magazines. But as the compact disc increasingly becomes a mass consumer product, so the battle will depend on marketing muscle—not always Philips' strongest suit.

Sales are generally strongest in those countries with the highest disposable incomes. The penetration of CD players in Switzerland has already reached 3 per cent of households in the two years since the European launch. In West Germany and the Netherlands, over 1 per cent of homes have players. By contrast, the penetration is half that in Britain and Italy.

Mr Peter Strooker, international marketing manager for compact discs at Polygram which makes about half the world's supply, explains that the British hi-fi market has always been much smaller than West Germany and Holland. In the UK records are largely bought by the young while in the Continental countries the more affluent older people buy classical music, which benefits most from CD.

CD is still an expensive hi-fi product costing just under £300 for a basic machine; most discs cost £10 each. Prices of players have already fallen sharply since the compact disc was first launched and are expected to continue. New entrants like Amstrad, the very low-cost British "mid-fi" company, are expected to give a significant boost to the market.

Estimates that the UK market would double from 33,000 units last year are being rapidly revised upwards to about 90,000 with the likely arrival of Amstrad, new portables, "ghetto blasters" and in-car CD players.

**Jason Crisp in London**

# Men and Matters

### Tebbit on his mettle

MINISTERS ARE notorious for saving their unpleasant announcements until after Parliament has gone into recess, and yesterday's statement on British Steel's plans to close two plants and modernise others looked like bad news all round.

But Norman Tebbit, Trade and Industry Secretary, denied any such motives in the timing of the announcement. It was held up by negotiations with Alphasteel, a small steelmaker in South Wales. BSC is buying its strip mill and closing it.

Tebbit seemed positively disappointed that he had not had the chance to stand up in the Commons and bait all manner of opponents about the BSC plan. The focal point of the plan was the decision not to close one of BSC's five main integrated steelmaking plants. There has been speculation for months that the Ravenscraig works in Scotland would close, but the Government and BSC have agreed that steelmaking will be maintained at all the plants for at least three years.


"They have been printed in the UK, haven't they?"

Tebbit was looking forward to parrying charges that the Government was hypocritically ignoring the commercial realities it emphasises so much, in the interests of retaining the few votes it has in Scotland and rewarding the Ravenscraig workers for their part in seeing off Arthur Scargill last year.

"I do not regard it as a reward like a sweetie," he told the much depleted ranks of industrial reporters who turned up for his press conference yesterday. The Ravenscraig workers had kept open the plant and so kept their customers. "They were acting in their own interest, so it was a pleasure to be able to come to the conclusion we did. I don't like the concept of the Government giving lollipops."

### Think fit

Another document from Burton's yesterday—with a photograph of chairman, Ralph Halpern, clutching a tennis racquet and wearing a sweat-shirt emblazoned: "WIN."

"Experience shows that a fit workforce is an effective one," Halpern says. And the rest of the document tells me how his staff—well half of them anyway—have been limbering up this past year for contests, I suppose, like the Debenhams take-over.

Burton opened its own "Busy Bodies" health club some 18 months ago in a "determined and professional" effort to raise the fitness levels of its employees.

The club now has two successful running teams—Halpern's Heroes and Burton Bombers—which have competed in marathons and came third in the companies league relay.

Earlier this year, a main board director and a secretary took part in an intensive six-month exercise programme to test Halpern's "winning formula."

The secretary says she now has more energy for her working day; and she gained a centimetre in height.

The director, who often has "a workout after a particularly stressful meeting," increased his aerobic capacity by 50 per cent. What is more, he lost inches off his waistline—and his Burton suits now fit him.

### Changing fortunes

Fourteen more Japanese companies climbed into Fortune magazine's list (by sales) of the 500 largest industrial corporations outside the U.S. last year.

Japan now has 150 companies—led by Toyota Motor—up there; double the number from Britain in second position.

Perhaps best known of the Japanese newcomers are Casio Computer and Minolta Camera. But just to show that the Japanese economy is not solely based on computers and cameras, the two companies in that country recording the biggest increases in sales were Yamazaki Baking (81 per cent up) and Sanyo-Kokusaku Pulp (64 per cent).

There was only one British newcomer—in at 372, as the pop chartists say, came Hillsdown Holdings, the foods group headed by David Thompson, which came to the Stock Exchange this year.

Three British companies—Metal Box, Courtaulds and Pilkington—got into the top 10 listed according to the biggest increases in profits; but the high money losers also included British Steel, British Shipbuilders and Texaco (Britain).

Just how quickly the fortunes of some of Fortune's 500 can change is illustrated by Standard Telephones & Cables which, with its acquisition of ICL, shot up last year from 325th in the list to 190th, and was ranked fourth in increased sales.

Where will it be this time next year?

### Port goes east

Port, that most English of tipples, is booming in East Europe. Last year the Russians drank 3m bottles, three times the amount consumed in the United States.

The boom has provided a nice wedding present for Teresa van Zeller, now honeymooning in the Algarve. At 25, she is joint managing director of Oporto-based Quinta do Noval and has just returned from Czechoslovakia with an order for a continuous supply of the company's Coronation ruby port (sold in the UK for between £4.80 and £5 a bottle).

The company says that the growing Czech passion for port was triggered from Moscow. The Russians are trying to wean reeling citizens off vodka and London's clubland's after-lunch livener is the current choice.

How does a 25-year-old girl become head of an influential wine company? Teresa's family founded the business; and she and her brother, Cristiano, recently took over the management of the company and started looking for markets outside the traditional world of port.

Teresa has married outside the world of port. Her husband is in the plastics industry. After the brief honeymoon she is flying to the U.S.—to persuade the Americans to catch up with the Russians.

### Thin ice

Heard among American visitors at the National Theatre's production of *The Duchess of Malfi*: "If we couldn't get into this, we were going to Torvill and Dean."

**Observer**

## BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 11½% | Heritable & Gen. Trust | 11½% |
| Allied Dunbar & Co. | 11½% | ■ Hill Samuel | §11½% |
| Allied Irish Bank | 11½% | C. Hoare & Co. | 11½% |
| American Express Bk. | 11½% | Hongkong & Shanghai | 11½% |
| Henry Ansbacher | 11½% | Johnson Matthey Bkrs. | 11½% |
| Amro Bank | 11½% | Knowsley & Co. Ltd. | 12 % |
| Associates Cap. Corp. | 12 % | Lloyds Bank | 11½% |
| Banco de Bilbao | 11½% | Edward Manson & Co. | 12½% |
| Bank Hapoalim | 11½% | Meghraj & Sons Ltd. | 11½% |
| BCCI | 11½% | Midland Bank | 11½% |
| Bank of Ireland | 11½% | ■ Morgan Grenfell | 11½% |
| Bank of Cyprus | 11½% | Mount-Credit Corp. Ltd. | 11½% |
| Bank of India | 11½% | National Bk. of Kuwait | 11½% |
| Bank of Scotland | 11½% | National Girobank | 11½% |
| Banque Belge Ltd. | 11½% | National Westminster | 11½% |
| Barclays Bank | 11½% | Northern Bank Ltd. | 11½% |
| Beneficial Trust Ltd. | 13 % | Norwich Gen. Trust | 11½% |
| Brit. Bank of Mid. East | 11½% | People's Trust | 12½% |
| ■ Brown Shipley | 11½% | PK Finans Intl. (UK) | 12 % |
| CL Bank Nederland | 11½% | Provincial Trust Ltd. | 12½% |
| Canada Permanent | 11½% | R. Raphael & Sons | 11½% |
| Cayzer Ltd. | 11½% | Roxburghe Guarantee | 12 % |
| Cedar Holdings | 13 % | Royal Bank of Scotland | 11½% |
| ■ Charterhouse Japhet | 11½% | Royal Trust Co. Canada | 11½% |
| Choulartons** | | ■ J. Henry Schroder Wagg | 11½% |
| Citibank NA | 11½% | Standard Chartered | ‖11½% |
| Citibank Savings | *12½% | TCB | 11½% |
| City Merchants Bank | 11½% | Trustee Savings Bank | 11½% |
| Clydesdale Bank | 11½% | United Bank of Kuwait | 11½% |
| C. E. Coates & Co. Ltd. | 12 % | United Mizrahi Bank | 11½% |
| Comm. Bk. N. East | 11½% | Westpac Banking Corp. | 11½% |
| Consolidated Credits | 11½% | Whiteaway Laidlaw | 12 % |
| Co-operative Bank | 11½% | Williams & Glyn's | 11½% |
| The Cyprus Popular Bk. | 11½% | Yorkshire Bank | 11½% |
| Duncan Lawrie | 11½% | | |
| E. T. Trust | 12 % | | |
| Exeter Trust Ltd. | 12 % | | |
| First Nat. Fin. Corp. | 13 % | | |
| First Nat. Secs. Ltd. | 13 % | | |
| ■ Robert Fleming & Co. | 11½% | | |
| Robert Fraser & Ptns. | 12½% | | |
| Grindlays Bank | ‡11½% | | |
| ■ Guinness Mahon | 11½% | | |
| ■ Hambros Bank | 11½% | | |

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%, 1 month 8.50%. Top Tier—£2,500+ at 3 months' notice 11.25%. At call when £10,000+ remains deposited.
† Call deposits £1,000 and over 8% gross.
‖ 21-days deposits over £1,000 8.25%.
‡ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 8%.

Nuclear Non-Proliferation Treaty

# A sensitive issue between the 'haves' and the 'have-nots'

By David Fishlock, Science Editor

MR MICHAEL HESELTINE, Britain's Secretary for Defence, was once the victim of e particularly crushing put-down. Newly-appointed to a more junior government role, ha summoned the senior civil servants of his department and told them that, by the age of 30, he had made £500,000. "Now tell me what you have done."

He was doing fine until it came to the deputy secretary, wbn said ha bad let off six nuclear explosions.

Awesome es most of us might find such an admission, the fact is that, 40 years after the first nuclear explosion, they have become weekly events. Worldwide, there have already been about 1,500 nuclear explosions. Last year there were another 53, about average since the late 1970s when France embarked on an energetic programme of underground testing.

The test is a particularly critical aspect of a nuclear weapon since, even after four decades, the world'e most accomplished nuclear weapon designers still cannot calculate precisely what happens inside a nuclear bomb.

They tell a story at Aldermaston, Britain'e Atomic Weapons Research Establishment, of tha red faces when they finally developed a way of X-raying a bomb while it is exploding. Its complex innards were found — quite recently — to move in a significantly different way from what its designers had calculated.

A nuclear weapon is by far the most complex weapon man has invented, end remains so despite popular newspaper articles, showing how it can be assembled in any garage. The B61 free-fall H-bomb currently in service with the U.S. Air Force has over 1,500 parts, produced by 570 suppliers, under the guidance of nine primary contractors. Britain has a similar warhead which serves a number of military roles. It also has Chevaline, which cost over £1bn to develop and deploy. But Chevaline is vastly more complex than a free-fall bomb.

The testing of such a weapon serves as verification that, as actors say, it will be all right nn the night. Without it no military strategist could put his faith in such a complex system, even from the hands of experts.

As one designer explains, you cannot design nuclear weapons empirically for it is simply too expensive to try. You have to establish a high degree of confidence that you really understand how your design works.

The test is therefore the watershed which divides nuclear weapon states from the nthers. For that very reason the test is central to any discussion of international control of nuclear weapons. This month marks not only the anniversary of the A-bombs dropped on Hiroshima and Nagasaki, 40 years ago this week, but the start of a crucial Third Review Conference of the Non-Proliferation Treaty (NPT), whicb begins in Geneva on August 26.

Six countries have let off nuclear explosions: the U.S., starting with Trinity in 1945; then the Soviet Union, Britain, France, China and India. Only the first five count as nnclear weapon states and regularly continue to test their designs.

The sixth is India, which conducted e single test 11 years ago. Since then, immense diplomatic pressure has been exerted on all nations which are believed to be potentially capable of making nuclear weapons and which have not signed and ratified the NPT, to deter them from making a test.

Even India, which has never accepted international controls over nuclear weapons, was made so conscious of the disapproval of other nations that it goes along with the idea that its one test was a "peaceful nuclear explosion" of a device intended for civil engineering.

Other non-signatories known to have a highly developed military interest in nuclear weapons have also been left in no doubt that "condign punishment," as U.S. diplomats call it, will be meted out should they attempt a test. Five are of special concern: Pakistan, Israel, South Africa, Argentina and Brazil.

As a result of such pressures, dire predictions that nuclear weapon states would proliferate rapidly have not come to pass. In fact, the pace of proliferation has slowed dramatically over the four decades.

But this is not true of the frequency of nuclear explosions. Over 900 nuclear explosions have taken place since the Indian test in 1974, compared with some 600 before it. The less affluent countries once known as the Group of 77 but now more numerous, are almost all signatories of the NPT. But they are vociferous in condemning the weapon states for the dual standard whereby they are increasing their own frequency of testing while uttering threats against anyone else.

The five nuclear weapon states are curious bedfellows. After the A-bombs were dropped on Japan the U.S. tried bard to establisb international control over its secret weapon, initially by proposing to keep the secret to itself. But spies had already carried vital details — for example, of the enrichment of uranium for the Hiroshima bomb—to the Soviet Union. Later Russia belped China to develop the A-bomb.

In the West, Britain and France had helped develop the U.S. technology by lending scientists to Los Alamos. However in 1946 they found themselves shut ont by the McMabon Act, which forbade co-operation and the transfer of fissile material to another nation.

Britain was the first country to declare publicly its intention of proliferating nuclear weapons. Secretly it procured from a U.S. laboratory a trace of plntonium, in contravention of the McMahon Act. From this pinhead of plutonium it designed the Windscale (now Sellafield) factory which purified plutonium for its first A-bomb test in 1952.

France followed the same route more slowly, making its first test in 1960. But whereas Britain continued to work with the U.S. to try to stop further proliferation, the French took the line that while they would not belp others to design nuclear weapons they would do nothing to hindar proliferation. Only in the late-1970s were the Frencb persuaded to support new efforts to impede proliferation.

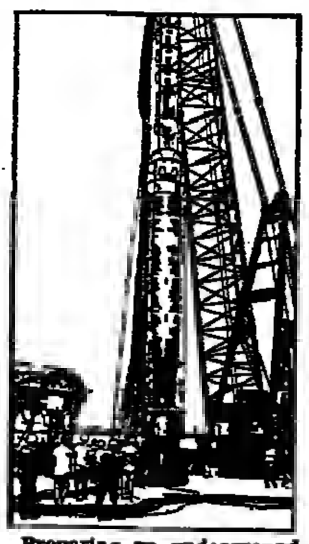
The U.S., the Soviet Union and Britain joined forces as early as 1946 in calling for an international atomic development authority, invested with powers to control all nuclear activities "potentially dangerons to world security." Early enthusiasm chilled during the Cold War of 1948, but was revived by President Eisenhower in his "aloms for peace" plans in 1953. The International Atomic Energy Agency (IAEA) was born as an arm of the UN in 1957, with 54 member states, including all three nuclear weapon states at that time.

In 1958 the U.S. and Britain forged the nnly enduring partnership between two nations in nuclear weapons. The U.S. recognised that, in testing its A-bomb (1952) and H-bomb (1957), Britain had mada remarkable progress and must have some clever ideas in design. It proposed the Anglo-U.S. exchange agreement under which the two countries swap technical data in areas where both can show evidence of considerable progress. Topics for exchange are agreed at government level. The agreement also permits exchanges of what are euphemistically called "special nuclear materials," meaning the nuclear explosives—uranium-235, plntonium-239 and tritium.

No money changes hands under this technical exchange between the weapon designers. But tha partners pay for special services. Thus Britain pays for the ablative coatings which stop Chevaline vaporising when it re-enters the atmosphere.

Britain also pays the U.S. Government to allow it to test its weapon designs in the Nevada Desert north-west of Las Vegas. Preparing and mounting a test, fitting in with about 15 U.S. tests a year, is e costly business, running to millions of pounds e go. But it would be vastly more expeneive if Aldermaston had to run its own test site, as the French do at Mururoa in the South Pacific.

Weepon designs ere never exchanged — only technology. The U.S. made 10 lests of the warbead designed at Los Alamos for its Trident missile. Aldermaston believes that three will suffice for the British Trident — the same as for Chevaline.


Preparing an underground nnclear lest

The Russians eccount for about half the nuclear explosions each year, 27 in 1984. Nuclear explosions were detected from six different areas in the Soviet Union. But 10 took place outside the two known test sites and may have been civil engineering explosions. Since 1974 Russia is believed to have exploded 72 nuclear devices for civil purposes — the only nation still using this technology.

As regards the prevention of proliferation of nuclear weapons, the NPT bas been e success. Dr Hans Blix, director-general of the IAEA, points out that a quarter of e century ago President Kennedy was prophesying e world with 15 to 20 nuclear weapon states. "Yet the number has not increased since 1964, and today there is not a single new state openly professing e desire to develop noclear weapon capacity," Dr Blix says.

His confidence is founded to a considerable extent on the highly sophisticated system of safeguards the IAEA has established worldwide since the late 1960s. IAEA aims to track the manufacture and movement of all fissile malerials other than the weapons-related materials of the five acknowledged nuclear weapon states. Over 100 tonnes of plutoninm and over 10 tonnes of highly enriched nranium are stored today nnder inlernational safeguards in non-nuclear weapon atates.

What will inevitably be embarrassing, however, for the five nuclear weapon states at the forthcoming NPT review conference is their failure lo reduce the number of their tests. The mein thrust of criticism, Dr Blix says, is that whereas the non-nuclear weapon statee beve bonoured their treaty nndertaking to refrain from acquiring weapons, the nuclear weapon states have been unsuccessful in their efforts to reach agreement on nuclear disarmamenl, also required under the treaty.

Although older nuclear weapons are being dismantled —Britain, for example, is dismantling its Polaris warheads of the 1960s, now replaced by Chevaline—new warheads are being introduced more rapidly than the old are being withdrawn. This is partly a consequence of multiplying the number of warheads per missile.

The dilemma for the nuclear weapon states is that those countries which they are most anxious should pledge formally not to use their nuclear knowledge to ecquire nuclear weapons are precisely the ones who call the treaty "unequal." And those same countries speak forcefully of the "sacrifices" by the non-nuclear weapon states which have not been matched by the nations with nuclear weapons.

## THE NUCLEAR WEAPON STATES

| Nation | Year of first explosion | Explosive | Source | Year of first explosion | Explosive | Source |
|---|---|---|---|---|---|---|
| U.S. | 1945 | Plutonium | Reactor | 1952 | Uranium | Gas diffusion |
| USSR | 1949 | Plutonium | Reactor | 1952 | Uranium | Gas diffusion |
| UK | 1952 | Plutonium | Reactor | 1957 | Uranium | Gas diffusion |
| France | 1960 | Plutonium | Reactor | 1968 | Uranium | Gas diffusion |
| China | 1964 | Uranium | Gas diffusion | 1967 | Uranium | Gas diffusion |
| India | 1974 | Plutonium | Reactor | — | — | — |

Source: SIPRI, Stockholm.

## LAST YEAR'S EXPLOSIONS

| | |
|---|---|
| U.S. | 15 |
| USSR | 27† |
| UK | 2 |
| France | 7 |
| China | 2 |
| | 53 |

† Recorded from six different sites.
* Source: SIPRI Yearbook 1985.

Lombard

# Blazing trails over Eureka

By David Marsh in Paris

THE DEBATE in France over attitudes towards technology support and innovetion splits officials and technocrats, roughly speaking, into two categories—the trailblazers and the market-trackers. The shape of the French-inspired Eureka programme — still vaguely formulated but given general political support from European governments last month — will depend crucially on which camp comes out on top.

In the first group are those who point to France's success since the war in bolstering its expertise and prestige in big strategic areas—nuclear energy, civil and military aircraft, space and telecommunications.

These programmes have been launched by government with the prime motive (often stiffened by actual or threatened American embargoes) of ending or lowering dependence on the U.S. Markets have been created in the slip-stream as a result of successful economies of scale (nuclear energy) or development of produets (Ariane, Airbus) representing an alternative to an American monopoly.

In the second category come the growing numbers of experts who believe France has failed in harnessing technology in more fragmenled areas involving greater competition and consumer cholco — everything from home computers and video-recorders to pharmaceuticals and synthetic seeds.

The French administrative and financial establishment is putting great emphasis on micro-economic efforts — without much sign of obvious success so far — to promote innovation through tax incentives, venture capital schemes or encouragement of researchers to commercialise their ideas. And over Eureka, Ministers and officials underline their desire that the programma sbould be "unbureaucratic" and "market oriented" — not just for presentational reasons but also because of genuine worries that civil servants may not be tha best people to take project decisions.

France has been forced to shift emphasis towards European technological collaboration because of the cost of developing new products and the need to rally to its side European markets which might otherwise fall to U.S. or Japanese competition.

The break up of the European Fighler Aircraft project underlines the limits on bow far France and lts neighbours will downgrade national Interests. But Eureka itself glves cleer priority to Eoropean eolidarity over the classic desire to boost independence in previous French technological pushes. The "market-oriented" approach ties in well with the Socialist governmeot's new-found pragmetic lme ecross practically the whole gamut of policy.

Despite the changes in emphasis, bowever, there are several reasons for thinking that the days of France's technology trail blazers are not yet numbered. France remains firmly wedded to the view that in projects involving high risks and heavy expenditure, the role of government leadership and funding is crucial.

As a good exemple, France is going ahead with lhe launch of its TDF-1 direct hroadcasting salellite next year with still no agreement yet on which companies will run lt and which programmes lt will beam to earth, let alone on how many people actually want it.

France helieves thal once the satellite is up there, lt will automatically hoth oct as an export shop window and also huild up vlewers throughout Europe. If decisions bad been left lo consortia worried purely ahout commercial hreak-even points, the French argue, the project (like the British DBS satellite venture) would never have got off the ground.

Even though they may have less self confidence than in tbe past, France's civil servant trailblazers can hardly abdicate from their role.

Even cash rich European electronics companies ere often unwilling to invest in new collaborative ventures unless backed by sizeable sums of government funds. An even more negative reason is that, in a country like France where decision-making power has traditionally been concentrated in the hands of a technocratic elite, a move to ellow technology programmes to be dictated by the markets rather than Ministries could open up a vacuum where no decisions got taken at all.

# Letters to the Editor

## Determining pay

*From Mr C. West-Meads*

Sir,—The debate about the public sector "top jobs pay" may well go away. The problem associated with it will not.

Most of the debate has been on the issue of the level of pay and the increases awarded. Some of the debate has focused on the real issue which is the method of determining the appropriate level of reward for these jobs. It may just be that the levels decided upon ere correct, the problem is that we do not know.

There appears littla logic behind the reasoning and therefore we are uncomfortable. Taking the job population covered by the Top Salaries Review Board and comparing this with jobs of a "similar size" in the private sector has little apparent relevance. It smacks of the "prices and incomes" period and in the event designs a reward structure for a group of top jobs which dn not necessarily have any relationship with each other in terms of the salary market. That reward structure then isolates the top jobs from the organisations and jobs which they head up.

This "felt fair" approach seems analogous with designing the "roof of the house to look like nther roofs rather than considering what sort of house is required and designing the foundations and walls first." It doesn't need an architect to reject that approach to housebuilding. What then is an alternative approach? The reward problem for the Inland Revenue staff provides an example.

There is the straightforward economic argument that will define how much reward can be allocated to the "Inland Revenue staff" as a whole. Then the pressure points for recruitment and retention can be examined. Typically, the Inland Revenue could have problems recruiting the calibre of undergraduates it needs, similarly with its clerical staff. It is certainly true that the Inland Revenue has problems retaining its high performing tax inspectors: they are leaving in substantial numbers to join accounting firms or tax departments of larger companies.

At these levels market comparisons are very significant in designing the most appropriate reward package to retain and motivate the people the Inland Revenue needs. Knowing the economic constraint and the relevant market pressure points, it should not be difficult to arrive et a reward structure thet would provide internal differentials to encourage people to perform their own jobs well, stretch for promotion and discount "transfers to other teams" to meet their own financial expectations. Using this approach the level of pay at the top would fall into place, would be logical, and incidentally, could well be at the levels euggested by the current review.

Carl West-Meads,
Wyatt Company (UK).
*21 Tothill Street, SW1.*

## Top people's rises

*From Mr J. Rimington*

Sir,—In view of Mr Michael Beale's letter of August 2, perhaps the main facts about the recent top pay rises should be recapitulated.

Lord Plowden's *committee*, after making some interesting but not very pertinent remarks about pay levels outside the civil service, has recommended that permanent secretaries and tha grades immediately below should be restored to the traditional levels applying in 1914, and re-set taking prico movements into account by previous Government reviewe in 1931, 1956, 1964, 1971 and 1978.

The salaries thus proposed at each level are, according to Lord Plowden's survey, lower than the lowest for comparable levels in any part of tha private sector. This again is "traditional."

The Government has not accepted Lord Plowden's findings, except in general terms. It has postponed the proposed increases for up to one year, and it has not yet accepted the proposals for under secretaries and deputy secretaries which, for selected posts, would give higher ranges of pay than the minimum levels recommended by Lord Plowden. Salaries for these ranks are therefore beld at levels below what has been "traditional."

J. D. Rimington.
*9 Highbury Hill, N5.*

## Building society rates

*From the Chief Executive, Abbey National Building Society*

Sir, — Barry Riley's comments (August 3) about building societies pushing up interest rates are a long way from reality. May I give you some facts?

There are no mortgage queues with tha Abbey National and no so-called mysterious mortgage committees. Applicants for mortgages receive offers within seven days of application.

Mortgage rates are declining. This society took the initietive of July 22 to bring rates down by ½ per cent without reference to any other society or the Building Societies Association.

This society is in the process of abandoning differential mortgage rates.

I would hazard e guess that simple economics will ensure that before long, the more you borrow the less it costs, will apply to mortgages.

In addition to these points, there is every reason to believe that mortgage rates will decline further in the next few months. This eociety recognises its responsibility to bring rates down and play its part in reducing the overall level of inflation.

Peter G. Birch.
*Abbey House,*
*Baker Street, NW1*

## Accounting for small firms

*From Mr C. Benbow*

Sir,—I refer to the letter from Mr Whitehead of Deloitte Haskins and Sells (August 5) under the titla "Accounting for small firms."

The comments be makes are well appreciated in particular the effect of the relaxation of advertising rules. He does not point out that his firm in common with others of similar size are more capahle of snbstantial investment in advertising and marketing than smaller firms of chartered accountants. The objective of marketing is to influence—not only those clients who may consider themselves imperfectly served but also those who are well cared for and provided with a full range of services. I therefore think it is unrealistie of him to suggest that smaller firms have nothing to fear.

The promoters of the Association of Practising Accountants merely wish to restore some balance in the competitive environment. We do not wish to go back to a period of restriction and consider that an association capable of dealing with the wider commercial interests of practising accountants is an advantage to the profession.

C. J. P. Benbow,
Finnie and Co.,
*8, Gate Street, WC2.*

## England has not been forgotten

*From the Marketing Manager, Royal Mint Coin Club*

Sir,—Mr Bingham (August 2) rightly says that tha 1984 and 1985 dated £1 coins with reverse designs featuring tha thistle and the leek, represent Scotland and Wales respectively. His reference, however, to the first £1 coin—dated 1983—bearing the Royal Arms of England is not correct as the design featured is the Royal Arms of Great Britain and Northern Ireland.

Let me reassure Mr Bingham that England, along with Northern Ireland, has not been forgotten. By Royal Proclamation of April 20 1983 four new designs were approved for the reverse of the £1 coin. Two have already appeared. In 1986, a flax plant will appear on the £1 coin to represent Northern Ireland, and in 1987 it will be England's turn with a £1 coin featuring an oak tree.

M. J. Cragg.
*PO Box 500,*
*Cardiff.*

## Expenses for tax purposes

*From the President, Cooper Industries.*

Sir,—I have an idea that has some relation to Peter Riddell's article and Mr Brittan's viewpoint of August 5: it is that private employment should be allowed as an expense for tax purposes, and if this wera brought into being my friends and I would expect job creation variously estimated at not less than 250,000, maybe np to 500,000.

There are many people who would willingly take into employment sucb as gardeners, driver, bandyman, bousekeeper or household help, gamekeeper, groom, and similar, if such employment were allowed against tax. This would obviously cost the Inland Revenue, but on tha other hand would be more than off-set by savings by the Department of Health in social security payments, and in addition there would be cootributions by both employer and employee instead of handouts. It seems that not only would tha whole economy benefit but there would be job satisfactioo to people, both young and old, who at the momeot have no possibility of employment in indnstry. In many instances youngsters on the yonth training scbeme in certain sectioos would be offered continued employment if their pay could be tax deducted.

I see many benefits and no disadvantages.

C. C. Cooper,
*Showell Road,*
*Wolverhampton,*
*W. Midlands.*

## Unadulterated anti-freeze

*From the Chairman, Water Research Centre*

Sir,—Perhaps you should be aware that when analysing some anti-freeze recently, traces of white wine were not present.

Bernard Henderson,
*John L. van der Post Building,*
*Henley Road,*
*Medmenham, Bucks.*

**FINANCIAL TIMES**

Thursday August 8 1985



Leslie Colitt in Warsaw meets a proudly professional black market currency dealer

# Vodka helps zloty find its level

JERZY is a hard-working currency black marketeer – a professional, he notes with pride, among a host of amateur Polish money-changers.

At 7.30 each morning he surveys the potential market from his makeshift bureau de change, a table in a busy Warsaw restaurant.

"Those are Mexican tourists over there," he said, nodding toward another table. "Not much money." He excused himself when two Mexican women approached and put down two $20 bills. Jerzy swiftly counted out Zl 24,000 under the table and the transactioo was over in under a minute.

His eyes darted from table to table, also taking in the Western-looking couple behind him making motions to leave. In a few strides be reached the lobby before they did, first addressing them in Polish to see if they were foreigners and then offering to change their dollars into zlotys.

Jerzy's actual venue of exchange shifted – from the men's toilet to the corridor, or outside the building. Later in the day, when the restaurant was too crowded and the danger of police detection grew, he conducted business from his home, which was visited by his best clients.

The black market rate for the dollar to the non-convertible zloty is largely determined by the enormous Polish demand for Western goods. A new Toyota Carina diesel car, for example, sells for either $6,400 or Zl 4.5m. Poles prefer to pay in dollars as, at the black market rate of about Zl 850 (the official rate is Zl 150) they need pay only Zl 4.16m – a considerable saving.

Jerzy and about 80 of his colleagues in Warsaw obtain the dollars for them from Western tourists at rates varying between Zl 550 and Zl 620. This is the illegal currency dealer's margin of profit. He could double his money by buying the car himself and selling it on the black market, but this is dangerous as the authorities may ask where he got the money in the first place.

The price of vodka also helps determine the dollar-zloty black market rate. A bottle in a Polish shop costs Zl 870, while it sells for 90 U.S. cents in the Pewex chain of hard currency stores. Jerzy said the maximum he can offer a tourist for one dollar is Zl 620 in order to clear Zl 50.

Ordinary tourists are the black marketeers' best customers, Jerzy said. Businessmen and other visitors with expense accounts do not mind changing at the legal rate. In the tourist season, the black market rate for the dollar drops and it rises in the winter.

Jerzy began his career as a black marketeer 20 years ago on the street where many of his friends still work. Others operate inside or just outside the major hotels. His reputation has earned him the exclusive right to work "his" restaurant without competition.

"We respect each other's territory," he said "and if a new man shows up here I tell him to get out or he will meet my friend who is very big."

Jerzy said he follows Western foreign exchange markets closely. When the dollar weakens he saves up his D-Marks and other strengthening European currencies until the delayed effects are felt on the illegal Polish currency market. Then he changes these currencies into dollars which, he added, was "very dangerous" as the authorities were constantly on the prowl. Several times a year he travels to other Polish cities where there are fewer Western tourists in order to buy zlotys for dollars at about Zl 630 to the dollar.

From his window seat in the restaurant he constantly glanced at the street to see if he could spot policemen, uniformed or plainclothed.

Waiters, taxi drivers and other Poles routinely exchange dollars from Westerners at the black market rate in order to buy in the Pewex stores. The authorities do nothing to discourage this as the badly-needed dollars land in the Government's coffers. However, there are periodic crackdowns on full-time black marketeers who are regarded as social parasites.

Jerzy claimed, however, that the authorities do not use undercover agents posing as black marketeers in order to trap unsuspecting Westerners.

Jerzy has e wide circle of East European friends among black market operators in Czechoslovakia, Hungary and Romania. Several Poles regularly staked out territory in Budapest, be said.

The years of tension on the job have taken their toll, however. Jerzy was nervous, constantly glancing about and out of the window. Had he thought of entering another, less stressful line of work? "Perhaps one day I will buy a small restaurant," he said, hastily excusing himself to chase a potential customer.

# Turner clinches MGM/UA takeover

By Terry Dodsworth in New York

MR TED TURNER, the leading U.S. independent television entrepreneur, announced agreement yesterday on the acquisition of MGM/UA Entertainmeot, the film production and distribution company which was formed from the combination of Metro-Goldwyn-Mayer and United Artists.

The deal, backed by the two boards and by Mr Kirk Kerkorian, the West Coast financier who owns just over 50 per cent of the film group, follows several days of hectic negotiations amid widespread scepticism on its feasibility from Wall Street.

These doubts among investors have been clearly reflected in the share price of MGM/UA, which by midday yesterday was standing at $24 up around $4 on the week but well sbort of the $29 cash offer from Turner Broadcasting.

Mr Turner's bid values MGM/UA at about $1.5bn, and will be partly financed by a concurrent deal to sell the group's United Artists division to Mr Kerkorian for about $470m. The Atlanta broadcaster, however, has given no indication of how he intends to raise the cash for the rest of the transaction.

Wall Street's attitude derives from Turner Broadcasting's limited financial resources, which forced Mr Turner to make a highly unusual all-paper offer in his recent attempt to take over CBS, the premier U.S. television network.

The attack on CBS bas steadily run out of steam over recent months, partly because of investor cautioo about the high-yield 'junk' bonds being offered for CBS stock, and yesterday Mr Turner was forced to throw in the towel by formally terminating his offer.

One option now open to Turner Broadcastiog would be to offer more 'junk' bonds to fund the MGM/UA deal, although some analysts believe that this approach might fall foul of questions over the film company's ability to service the debt.

In recent years, MGM/UA bas had a patchy earnings record, and in the first nioe months of its fiscal 1985 year ran up a net loss of $66m, or $1.33 a share, on revenues of $478m. In the third quarter, the company earned $13m mainly because of the success of the new James Bood film, A View To A Kill.

Mr Turner has given little clue to his thinking in the proposed acquisition, although he said yesterday that MGM's business was highly compatible with TBS's, and that it should improve the "strength and stability" of the television group.

The deal, however, resembles the earlier move by Mr Rupert Murdoch, the Australian-born publisher and television network owner, to acquire studio interests at Twentieth Century Fox.

# Mexico may need further pact to reschedule foreign debt

BY DAVID GARDNER IN MEXICO CITY

DOUBTS ARE being raised by bankers in Mexico as to whether the multiyear rescheduling package worked out in March will be enough to prevent a further major restructuring within a year.

The country, currently negotiating with its international bank creditors the details of the second portioo of the $48.7bn multiyear rescheduling, sougbt to insert a paragraph in the new agreements underlining that the restructuring was not the definitive solution to the country's debt problem, according to bankers involved in the negotiations.

A spokesman for the Mexican Treasury denied any attempt to make such a statement during the current negotiations. The paragraph would nevertheless be consistent with comments made by senior Mexican officials throughout this year, including remarks by Sr Jesus Silva Herzog, the Finance Minister, to the Interim and Developmeot Committees of the IMF and World Bank, and the Inter-American Development Bank in the spring.

The rescheduling, the largest ever renegotiation of foreign debt, stretches out repayments on half Mexico's total owings abroad of $96bn over 14 years at finer margins. It was seen by many bankers and financial analysts as one possible model for lightening Latin America's $360bn debt burden.

Though the paragrapb will not in any case be written in, the attempt to insert it was seen by bankers close to the negotiations as a bid by Mexico to stress that further renegotiation of its foreign debt will soon become inevitable.

After record trade and current account surpluses in 1983 and 1984 – the first two years of a three year austerity programme agreed with the IMF after Mexico's financial collapse in 1982 – sharply reduced oil revenues, rising imports and a disappointing non-oil exports performance have placed sharp strains on the country's foreign exchange cashflow.

The first half trade surplus of about $3.8bn was down almost 50 per cent on the same period last year; net external financing shows a negative balance of $155m in the six months to June; reserves have fallen $2bn to just over $6bn in the same period; and the current account is expected to end the year in the red after initial forecasts of a $1bn-$2bn surplus.

The current negotiations cover 36 "packages" totalling $20.1bn of debt owed by public sector enterprises, and are expected to conclude in New York on August 29.

It has emerged, however, that the first part of the $48.7bn rescheduling, signed on March 29 by Mexico and its major international creditors, has still not been concluded.

One small British bank, – which has not been identified – out of the almost 560 banks owed money by Mexico, has still to sign the $28.6bn first portion of the restructuring, according to banking sources.

● Mexico's consumer price index rose 3.5 per cent in July, for an annualised rate of 53.7 per cent, and bringing accumulated inflation for this year to 30.1 per cent. The Government's original target for this year as a whole had been 35 per cent, but it has now publicly recognised that 60 per cent is a more realistic figure, particularly following last month's 16.7 per cent devaluation of the peso against the dollar.

# Banks set to renew Brazil loans

BY ANN CHARTERS IN SAO PAULO

BRAZIL'S CREDITOR banks are likely to reach agreement on another 90-day extension for about $15bn of interbank lines and trade credits which expired at the end of this month, Mr John S Reed, chairman and chief executive of Citicorp and Citibank, said in a press conference this week, although be emphasised that he spoke only for Citibank and not other banks.

Brazil is going through change with a new Government that needs time to put together its plans, be said.

Mr Reed indicated thet the 700 creditor banks are interested in resuming negotiations on restructuring Brazil's debts that mature from 1985 to 1991, but that in order for the banks to proceed, Brazil must first reach an agreement in principle with the International Monetary Fund (IMF) on an economic programme which provides for adjustment with the world economy.

Negotiations on the debts could be concluded within only two months following an agreement with the IMF.

Brazilian Government officials have yet to finalise a new proposal for the IMF which includes further cuts in the public sector deficit and fiscal measures to increase government revenue.

Also on Wednesday, President José Sarney was reported to have reached a consensus with government political party leaders that Congress would be kept informed of ongoing negotiations with the IMF, but that an eventual agreement would not be submitted to Congress for approval.

With this understanding from party leaders, the president appears to have negotiated a delicate political issue that could have thrown any proposal to the IMF into the political arena and lengthened the time Brazil needed to conclude an agreement.

On the subject of capitalisation of interest from Brazil's debts, Mr Reed said that the idea could have intellectual appeal but would not work in practice because Brazil'a creditor banks operate under regulations in their own countries which would not permit such a measure.

Mr Reed was in Brazil for meetings with government officials including President Sarney and local business leaders.

**Bolivia takes aim at inflation, Page 4**

# UK 'not trying to censor BBC'

**Continued from Page 1**

mass resignation after the governors' vote oo Tuesday.

The BBC insisted last night that its editorial practices built up over more than 60 years would not be changed, although referral procedures – under which potentially controversial subjects are vetted – might be tigbtened.

Mr Brittan said he believed that if the referral procedures on programmes involving terrorism had been properly gone through, the documentary might not have reached the stage it did.

Mr Brittan said he relied on the Annan report on the future of broadcasting, published in 1977, to justify his intervention on the programme, which looked at political extremism in Londonderry. The report had argued thet "by killing and destroying, the terrorists are bound to extort publicity. But there is no reason to abet them by giving them additional publicity."

Lord Annan, chairman of the broadcasting commission, was critical of Mr Brittan, however, when he spoke at a debate after a special showing of the film in London

***Helen Hague* writes:** The BBC blackout was the External Services' first news stoppage in its 53-year history. The World Service broadcast only recorded music – interspersed with announcements explaining why the action was being taken.

# Imports take 29% of U.S. car market

By Our New York Staff

CAR IMPORTS to the U.S. surged last month to almost 29 per cent – against 23 per cent in July 1984 – forcing down the sales of domestically-built cars compared with a year ago despite an overall increase in deliveries.

The figures further underline the current problems of U.S. manufacturing industry in the face of the strong dollar and the particularly competitive Japanese yen. This pressure on the currency front, broadly reflected in the weakening U.S. balance of trade figures this year, is being exacerbated in the car industry by the withdrawal of the unofficial quota system on Japanese vehicle imports earlier this year.

In July the seven Japanese importers captured 23 per cent of the U.S. market, up from 19 per cent a year ago, with Toyota and Nissan, the two leading transpacific suppliers, increasing deliveries by 35 per cent and 25 per cent respectively.

This figure understates the full strength of the Japanese resurgence, partly because both Honda and Nissan are now producing cars in the U.S., and partly due to the rapid growth in 'tied' imports by the leading U.S. companies – imports brought in by domestic manufacturers.

Chrysler has stepped up its supplies from Mitsubishi, its Japanese partner, this year, and General Motors (GM), after plunging into deals with Suzuki and Isuzu to fill gaps in its small car range, has already imported 39,000 Japanese cars. In addition, GM is also selling the Nova, made at its Fremont, California, plant in a joint venture with Toyota, exclusively as a U.S. car, although the Japanese company effectively has a 50 per cent share in the project.

The big three U.S. producers – GM, Ford and Chrysler – were also hit last month by inventory problems related to the hauliers' strike which has recently shackled deliveries of new cars.

European luxury car manufacturers have also benefited from the favourable currency conditions, with Mercedes, BMW, Audi and Jaguar all chalking up strong gains. Volkswagen has also increased sales after its disastrous record in recent years, leaving European-made cars with about 8 per cent of the U.S. market in July against around 4 per cent a year earlier.

***Mercedes pleases U.S. owners,* Page 2; *Vauxhall monitors imports,* Page 6**

# Bank resists call to repay state loan

**Continued from Page 1**

developed French financial market to raise extra capital.

Last autumn, Crédit Lyonnais issued FFr 2bn of non-voting loan stock on the Paris market to boost its capital base. But that operation, in common with similar fund-raising measures by French banks over the past two years, carries floating interest rates only slightly below French bond market rates of around 11 to 12 per cent.

The Government wants to cut income tax next year but also keep the budget deficit within the guidelines of 3 per cent of gross domestic product set by President François Mitterrand. The Finance Ministry is cutting capital grants for the nationalised industrial companies to FFr 8.2bn next year from FFr 13.5bn in 1985

## World Weather

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | S | 22 | 72 | Dubrovnik | F | 21 | 70 | Malaga | S | 26 | 79 | Salzburg | R | 10 | 50 |
| Akrotiri | F | 29 | 84 | Faro | S | 29 | 84 | Malta | S | 26 | 79 | Seoul | C | 32 | 90 |
| Algiers | S | 28 | 82 | Florence | S | 25 | 77 | Manila | S | 32 | 90 | Singapore | D | 31 | 88 |
| Amsterdam | S | 17 | 63 | Frankfurt | F | 17 | 63 | Miami | R | 30 | 86 | Stockholm | F | 19 | 66 |
| Athens | S | 30 | 86 | Funchal | F | 22 | 72 | Milan | S | 25 | 77 | Strasbourg | F | 19 | 66 |
| Bahrain | S | 40 | 104 | Geneva | F | 17 | 63 | Moscow | S | 29 | 84 | Sydney | F | 14 | 57 |
| Bangkok | S | 31 | 88 | Gibraltar | S | 23 | 73 | Munich | R | 14 | 51 | Taipei | S | 35 | 95 |
| Barcelona | S | 24 | 75 | Guernsey | C | 15 | 59 | Nairobi | F | 23 | 73 | Tangier | S | 29 | 84 |
| Beirut | F | 30 | 86 | Helsinki | R | 11 | 63 | Naples | S | 25 | 77 | Tehran | — | — | — |
| Belgrade | F | 22 | 72 | H. Kong | S | 33 | 91 | New Delhi | R | 28 | 82 | Tel Aviv | S | 29 | 84 |
| Berlin | F | 17 | 63 | Innsbruck | F | 11 | 52 | New York | C | 27 | 81 | Tenerife | F | 21 | 81 |
| Biarritz | F | 21 | 70 | Inverness | C | 15 | 59 | Nice | D | 26 | 79 | Tokyo | C | 30 | 86 |
| Blackpool | C | 15 | 59 | Istanbul | S | 28 | 82 | Oporto | S | 25 | 71 | Toronto | C | 29 | 84 |
| Bordeaux | F | 20 | 68 | Jersey | C | 15 | 59 | Oslo | T | 18 | 64 | Tunis | F | 27 | 81 |
| Brussels | F | 17 | 63 | Jo'burg | S | 24 | 75 | Paris | C | 17 | 63 | Valencia | S | 25 | 77 |
| Budapest | C | 11 | 63 | Las Palmas | S | 25 | 77 | Prague | C | 13 | 55 | Venice | C | 22 | 72 |
| B. Aires | R | 11 | 51 | Lima | C | 17 | 63 | Reykjavik | C | 12 | 54 | Vienna | R | 11 | 52 |
| Cairo | S | 34 | 93 | Lisbon | S | 27 | 81 | Rio de J'o | S | 32 | 68 | Warsaw | C | 11 | 63 |
| Cape Town | F | 15 | 58 | Locarno | S | 24 | 75 | Rome | F | 24 | 76 | Zurich | F | 18 | 81 |
| Caracas | C | 27 | 81 | London | C | 15 | 59 | | | | | | | | |
| Casablanca | S | 24 | 75 | Los Angeles | S | 29 | 84 | | | | | | | | |
| Copenhagen | F | 19 | 66 | Luxembourg | C | 15 | 59 | | | | | | | | |
| Corfu | S | 27 | 81 | Madrid | S | 24 | 75 | | | | | | | | |
| Dublin | C | 14 | 57 | Majorca | F | 26 | 79 | | | | | | | | |

*Readings at mid-day yesterday:*

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

# Mafia violence grows

**Continued from Page 1**

throes of "an open conflict, a civil war."

The crisis in Palermo was further complicated by anger on the part of the policemen's trade union at the removal earlier this week by the Interior Minister of three officials at Palermo police headquarters. More than 200 policemen are requesting transfers out of Sicily and several have said they feel "exposed and unprotected."

One veteran observer of the Mafia said yesterday it was not enough to send a few hundred Carabinieri to Palermo. "Craxi can send policemen or soldiers or whatever. They will arrive in Sicily, perhaps make some arrests, but the Mafia will have already gone to ground. Then, when the troops leave and this episode fades, the Mafia will strike again. That is the way it works. It was the same when Mussolini tried sending troops to Sicily – even Mussolini could not beat the Mafia."

Sig Cassara, the deputy police chief assassinated on Tuesday, was one of a handful of police officials and magistrates – Sig Montana was another – who had been involved in the investigation and arrests that followed the testimony last year of Sig Tommaso Buscetta, the Mafia "soldier" who broke the code of silence

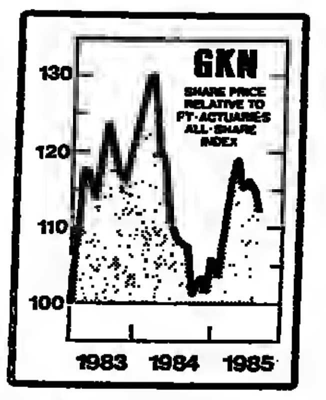
THE LEX COLUMN

# Ashes for the GKN phoenix

If GKN hoped to impress the stock market by linking its interim statement with the announcement that Phoenix II, the engineering steels link-up with British Steel, was ready to fly, it failed.

The market looked beyond the Phoenix statement to the profits for the six months to June – up 15 per cent to £70.5m pre-tax – and marked the shares down 10p to 210p.

The market's relegation of the Phoenix statement is more than a touch paradoxical. Even though the creation of a joint company in special steels and forgings should save GKN roughly £10m a year on the capital account, it is reasonable enough to argue that these activities no longer account for a material proportion of sales of profits. But, if that argument is valid, it cannot he appropriate to value GKN as a traditional metal-basher. And that is precisely how the market still sees the group. Last night, the shares offered a prospective yield of 8 per cent and traded on a multiple of just over 6 times this year's earnings.




To some extent GKN has itself to blame. Yesterday's change in the accounting treatment of foreign currency profits was thoroughly sensible but – as it came out of the blue and boosted profits by £4.4m – the market was not unnaturally suspicious. A little preparation would not have gone amiss.

The businesses themselves are doing nicely. Western Europe was held back by product development costs and the storm over catalytic convertors in the first half but is now set fair while in the U.S. there has been strong underlying progress even without the £2m-3m contribution from the Beck/Arnley acquisition.

With so much of its capital now dedicated – one way or another – in the U.S. auto industry, GKN is inevitably vulnerable to a general downturn in that area. But it has dug itself into some profitable niches and looks as well positioned as any of its competitors to withstand the damage.

## Li Kashing

Selling off a third of his stake in Hong Kong Electric only six months after buying it may throw into doubt Mr Li Kashing's definition of long-term investment. But in all fairness, he probably could not have bought less than the full 34 per cent when it was on offer from Hongkong Land and yesterday's placing seems to indicate that if a 24 per cent stake gives effective control, Mr Li has better things to do with the rest of the money. Placing the stock around the globe will help to ensure thet it does not go straight into the hands of competing local tycoons.

That international operation apparently went with a sputter rather than a bang, not helped by a spoiler block of Electric shares dumped on the market an hour before the announcement. None the less, Mr Li has managed to sell the shares at a tiny discount and has raised HK$1.1bn – a profit of HK$240m – in the process.

The HK$1.1bn question is what he plans to do with the money. The market is buzzing with rumours, and is expected soon to be buzzing with corporate activity. The most obvious repository for Mr Li's proceeds would be the balance of the shares in the property development company, ICH, which are not already held by Electric or Cheung Kong, Mr Li's flagship. But he already has effective control of ICH and judging by yesterday's events it is not his policy to own more shares than necessary.

For some time, he is thought to have had his eye on Hongkong Land. However, the residual cross-holdings between Land and Jardine Matheson would make anything but an agreed bid difficult. Though the Land board would probably not recommend acceptance of an outright offer from Mr Li, they might find it hard to spurn his services as a white knight. Perhaps Mr Li is preparing a jousting fund.

## Guinness/Bell

It looked yesterday morning as if everything thet could go wrong with the Arthur Bell defence already had.

The initial bid had caught the company on the hop and the chairman in America. The appointment of the mighty House of Warburg to partner the less mighty House ot Ansbacher was made after an inexcusable delay and in a fashion which left it unclear which bank was doing what. The public relations advisers changed (twice) and the defence itself was almost devoid of substance. The profit forecast was weak, the dividend increase implausible and the asset revaluation absent.

Shareholders were left with arguments which were advanced – on both sides – with the tit-for-tat puerility of the lower fourth form.

Yesterday it got worse. Ladbroke, which had intervened as a third party, chose not to follow the line of resistance recently pursued by House of Fraser and instead sold out to Guinness. Most damaging of all, a Bell director issued a statement disavowing an earlier release put out in the name of the board and made it clear that be thought the revised Guinness terms should be accepted.

Guinness has been arguing all along that Bell is a one-man band and a board release apparently issued without the knowledge of a key director plays straight into the offeror's hands.

Even before yesterday's shenanigans, the Guinness bid was looking almost assured of success. The revised offer had been cunningly constructed to eliminate the income advantage created by the Bell dividend increase. There is now little to choose – on current yield grounds – between Bell equity and the Guinness shares cum convertible loan stock package. Moreover, the conversion premium on the loan stock will reduce the earnings dilution to existing Guinness holders. Taking full converted equity, dilution in year one should be comfortably under 10 per cent.

As luck would have it, the non-equity component of the Guinness paper offer almost precisely matches the likely proceeds from the sale of Gleneagles Hotels. So, with the cash alternative fully underwritten, the combined balance sheet should look extremely comfortable, assuming that is, Guinness sells the hotels.

Substantial blocks of shares are now passing in the Guinness direction – yesterday it acquired 11.27 per cent of Bell's equity – and a counter-bid for Bell seems to represent almost its only hope of escape.

If no such figure has by now appeared Bell might be best advised to put everyone out of their misery and concede defeat. After all, matters might get worse still. Warburg Asset Management might just deliver a decisive block of shares to the Morgan Grenfell client.

## JOBS COLUMN

# Challenges to be ready for in interviews

BY MICHAEL DIXON

WHAT IS the most difficult decision you ever had to make?

While I would be very interested to hear readers' answers, that is not mainly why I ask the question. The reason is that, to judge from a recent survey of professional recruiters by the John Courtis and Partners headhunting consultancy, it is a question that is likely to be thrown at any candidate being interviewed for e job.

Readers who are liable to find themselves in that position might therefore do well to work out a decently brief answer well ahead—which, if my experience is any guide, is a good deal harder than a first reading of the question suggests. Even after half an hour of deadiine-concentrated thought I have no idea wbat was my most difficult decision.

The only reply that comes to mind which might do is that, in my case at least, decisions are things whose difficulty does not get remembered after they bave been made. Something of the same attitude might have been held by the ancient tyrant who, on being admonished on his deathbed to forgive his enemies, said: "I haven't any; I hanged them all."

But, be that as it may, the exercise surely goes to show two things. First, that there can sometimes be food for thought in interview questions. Second, it is edvisable wherever possible to do the thinking in advance.

Of the numerous other "favourite" questions elicited from interviewers by the Courtis consultancy, those which seem most likely to prove traps for the unwary are the ones about motivation. Here I'm not thinking primarily about the relatively straightforward queries such as "what motivates you most about your work?"

The trap is more likely to lie, as so often, in the supplementary question. A case in point is when an interviewer asks "how are you at motivating your staff?" and then, after the candidate has waffled on for a bit in reply, follows up the initial question with: "Yes, but what exactly do you do to motivate them?"

If the Jobs Column were awarding a prize for the best question turned up by Courtis's inquiries, it would go to one cited by American management consultant Kevin Day: "What areas of business skills are you lacking in or feel uncomfortable with?"

That form of words is surely far better, in the sense of being likely to draw relevant and useful information from the candidate, than the evidently much more common way of asking the same thing: "What are your weaknesses?"

Candidates are fully justified in moving onto the defensive, preferably imperceptibly, when that corny old formula is thrown et them. It equally fully deserves a corny response delivered, of course, after e secood or two of simulated thought.

One is: "I suppose I may push the people under me a bit too hard." Another — which when I last wrote ebout interviews four weeks ago, I reported was a favourite stand-by of Nick Cowan, director of the Federation of Loodon Cleariog Bank Employers—is: "I don't suffer fools gladly."

The second response inevitably infringes a prime rule of the Expert Candidates' Code of Interview Practice. The rule is tbat the sole object of behaviour in interviews is to win the offer of the job, and any word or deed which conflicts with the object should be shunned. The ouly good time to be cavalier about the offer of a job is when you bave it in writing in your band.

But sometimes the provocation is too great for eveo the canniest candidate to absorb. And from the survey of professional recruiters it appears that some of them are not only provocative, but studiously so.

Take for instance the question name their present employer: one personnel chief admits liking to throw in wben candidates name their present employer: "Why did yon join *them?*" Or a favourite of another, wbich is more crudely backle-raising: "How come yon are earning such a pitiful salary?"

If anyone knows of suitable ripostes to such goads, I would be glad to have them for publication in due course.

Incideotally, before we leave the topic, the last Jobs Column about interviewing also reported Nick Cowan's saying that the most stylish questioo ever put to him came some years ago after he had beeo asked ebout his foreign-language skills. When be said his French had once been quite good but was oow rusty, the interviewer straightaway responded — I wrote—"Dites moi, en français, s'il vous plaît, le nombre de la plaque d'immatriculatioo de votre voiture."

That in turn brought nearly two dozen responses from readers in France. The shortest says: "En général le nombre des plaques d'une voiture est deux, une devant et une arrière. Le numéro, that's another thing altogether." Sorry.

## Sales chief

RECRUITER Vivian Lawrence of Guy Redmayne and Partners seeks a London-based sales manager for an arm of the Hoskyns Group's computer services business. The prime task, for which the newcomer will be responsibla to the sales and marketing director, is marketing the group's knowledge of and skills in information technology. Customers will be mostly companies' finance operations needing to develop or change their present systems.

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Salary upwards of £20,000 plus results-related bonus expected to raise total to at least £35,000. Perks include car.

Inquiries to Mr Lawrence at 18 Grosvenor Street, Londoo W1X 9FD; telepbone 01-409 0358, telex 27950 ref. 2704.

## Defence

A CHIEF executive is wanted by headhunter Philip Egerton for a company on the south coast of England making mechanical, electrical and electronics engineering products mainly for defence. Customers are spreed throughout western Europe.

Since Mr Egerton may not name his clieot, he — like tbe remaining recruiter to be mentioned today — promises to abide by any applicant's request oot to be identified to the employer at this stage.

Applicants should have been managers responsible for the profits of a comparable operation, heve graduate-level educatioo in engioeering or science, have successfully built and led teams of professiooals, and be used to dealing with defence departments and establisbments.

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Inquiries to Philip Egerton and Associates, 13 Devonshire Place, London W1N 1PB; Tel: 01-486 4954.

## Broadcasting

THE SOUTH coast will also be the base of the technical sales meoager sought by headhunter Alan Ahern. The employing company manufactures broadcasting equipment, selling a good proportioo of it oversees. The recruit will therefore need to do a considerable amount of travelling abroad.

Candidates should of course be technically knowledgeable about the kinds of equipment in qnestion, and have beeo successful in a similar capacity not least because of well developed skill in negotiating witb broadcasting authorities and the like.

Dr Ahern puts the salary bracket at £18,000 to £20,000. There will be a company car amoog the perks.

Inquiries to Ahern Associates, 60-61 Quarry Street, Guildford, Surrey GU1 3UA; Tel: 0483 502660, Telex 859500 Sharet G.

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City based

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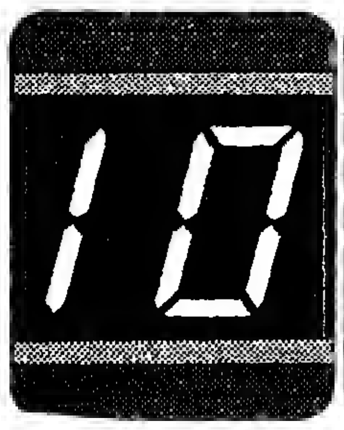
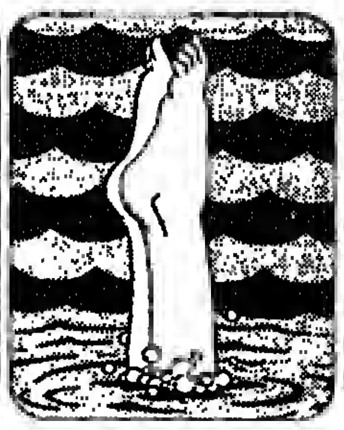
Conditions of service are excellent. In addition to a fully competitive salary, an attractive benefits package includes non-contributory pension, car, low-interest housing loan and BUPA.

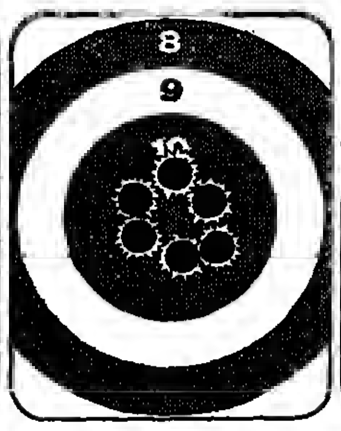
Please write enclosing full personal and career details to:–

International Recruitment Officer
The Hongkong Bank Group
PO Box 199
99 Bishopsgate
London EC2P 2LA

HongkongBank
The Hongkong and Shanghai Banking Corporation



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Strand,
London WC2E 7EB.
Tel: 01-240 7805

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International Recruitment Officer
The Hongkong Bank Group
P.O. Box 199
99 Bishopsgate
London EC2P 2LA

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The Hongkong and Shanghai Banking Corporation

# International Economist

The Bank of Boston is seeking an experienced international economist to work in the Europe, Middle East and Africa headquarters of the Bank located in London. The economist will be expected to advise senior management and other appropriate Bank staff on political and economic developments in areas in which the Bank is active or interested; prepare and review country studies to assess business and banking risk; and provide general guidance to staff and clients on interest rates, exchange rates and other topics of international finance.

The successful applicant will report directly to the Head of Europe, Middle East and Africa, though will be expected to develop close professional links with the Bank's Economics Department in Boston. He or she should have at least 5 years' experience in international work in banking, finance or government and possess appropriate graduate and postgraduate qualifications in economics. The ability to organise a relevant work programme, analyse issues clearly and communicate effectively with non-economists is essential.

Salary is negotiable and the normal range of fringe benefits will apply.

Please send full personal details and career history to John Watkinson, Personnel Manager.

1784 BANK OF BOSTON
5 Cheapside, London EC2P 2DE.

# Experienced Eurobond Dealer

An experienced dealer is required by a major foreign bank located in London. Not less than five years experience of Euro-Dollar markets is looked for and a knowledge of fixed interest investment markets, together with a European language would be an advantage.

Aged not less than 25, the candidate should expect to play an important role in an expanding team. An attractive remuneration package, based upon a negotiable salary, is offered.

Please reply, enclosing a Curriculum Vitae with full details of past experience, to: Box No. A9091, The Financial Times, 10 Cannon Street, London EC4P 4BY.

# CORPORATE FINANCE EXECUTIVE

**ACA/LLB/NUJ?** **neg. c.£20,000 + STOCK OPTIONS**

ACCOUNTANT / LAWYER / FINANCIAL JOURNALIST with a CITY background or similar relevant experience aged 25-32 required as member of high-powered CORPORATE FINANCE team which includes BOARD MEMBERS.

The successful candidate will be primarily AN EXCELLENT COMMUNICATOR both orally and on paper as the work involves reporting on new BUSINESS PROPOSITIONS, drafting PROSPECTUSES, etc.

A first-class professional background in his or her basic discipline together with a pleasant personality and a SENSE OF HUMOUR are vital.

A feeling of EXCITEMENT in helping to assist young, fast-growing companies to quoted status is naturally of PARAMOUNT IMPORTANCE.

*Please telephone and send your c.v. to:*
GEORGE D. MAXWELL, Managing Director
ACCOUNTANCY APPOINTMENTS EUROPE
1-3 Mortimer Street, London W1
Tel: 01-580 7695/7739 (direct)
01-637 5277 extn 281/282

Accountancy Appointments Europe

# Managing Director

## Insurance & Financial Sector
## c£30,000 + Capital Benefits

*This publicly quoted investment holding company wishes to recruit a highly qualified individual who will expand the business of a subsidiary specialising in the provision of personal financial planning services to the public.*

*Wide knowledge of agency work in areas of life assurance, pensions and unit trusts and the ability to demonstrate experience in selling, leading a sales team and general business administration are prerequisites.*

*An attractive remuneration package is offered including substantial capital benefits related to performance.*

*Please reply in confidence, quoting reference B2637 listing separately any companies to whom you do not wish your details to be forwarded.*

Peter Nurse
Mason & Nurse Associates
126 Colmore Row
Birmingham B3 3AP
Tel. 021 236 0066

Mason & Nurse
Selection & Search

**REGIONAL LEASING SALES MANAGERS** c. £30,000
One of our major clients are seeking self motivated leasing executives with experience in the "Sales Aids" sector i.e. office, equipment, computers, cars etc to manage and market one of their several regional offices.

**SENIOR DEALER FINANCIAL FUTURES & MONEY MARKET** £ neg.
An expanding bank with an active dealing operation, currently dealing in futures, is seeking an experienced money market dealer (multicurrency deposits, FRNs, FRAs) with existing experience dealing in Financial Futures, to run these books.

**PRINCIPAL F.X. FORWARDS AND SPOT DEALERS** £ neg.
These are new positions recently created in two expanding banks to extend the dealing in major currencies in these FX dealing sectors.

**CREDIT MANAGER** £ neg + car
This recently created position in a leading bank is primarily to monitor new business proposals from balance sheet appraisal and act as a Credit Committee of one with power to veto. Must be decisive and courageous.

**BUSINESS DEVELOPMENT OFFICER** c. £18,000
A new appointment to assist and join the Business Development Manager in an expanding bank with a strong TRADE FINANCE bias.

**QUALIFIED ACCOUNTANT** £18,000
An accountant with a sound banking accounting background is being urgently sought by a new LOTI in the initial stages of opening.

OLD BROAD STREET BUREAU LIMITED
STAFF CONSULTANTS
01-588 3991

# LEASING/MAJOR ASSET FINANCE

**SENIOR MARKETING** **to £30,000 + Bonus**
Our client, a major Merchant Bank, seeks a highly professional individual (LLB., MBA., ACA) aged 28-34 years, with experience of negotiating complex high value asset finance in an 'off balance sheet' role. Provided big ticket leasing experience is included, consideration will be given to MBA's, ACA's with strong "financial engineering" skills gained within a fee income environment. Financial packages are negotiable and salary will not be a deciding factor.

**TECHNICAL ADVISOR** **c£22,000 + Benefits**
A leading banking group seeks applications from graduates (ACA, ATII) whose significant U.K. Taxation experience has led to an in-depth understanding of the technical complexities involved in major lease transactions, encompassing computerised systems, lease evaluations, pricing, structuring and documentation. Direct client advisory experience would prove a distinct advantage.

**DOCUMENTATION EXPERT** **£Neg.**
A good team member is required with a sound knowledge of standard and non-standard leasing documentation. Previous experience of transactions ranging from £½m — £20m is essential, together with the ability to co-ordinate activities and liaise between clients, legal experts, etc.

Please contact Jill Backhouse or Peter Haynes.

All applications will be treated in strict confidence.
JONATHAN WREN & CO. LIMITED, 170 Bishopsgate, LONDON, EC2M 4LX.
Tel: 01-623 1266

Jonathan Wren
RECRUITMENT CONSULTANTS

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Bristol: 0272 22367, Maggs House, 78 Queen's Rd., BS8 1QX.
Birmingham: 021-643 8102, The Rotunda, New Street.
Manchester: 061-228 0089, Sunley Building, Piccadilly Plaza.

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# AT A CAREER CROSSROADS?

We require executives preferably in their 40s with a background in industry, commerce or the professions, to be trained to offer a wide range of financial services to businesses, professional intermediaries and individuals. Income is not limited and benefits are provided.

*Write to:*
M. J. Talbot or R. Armstrong
HILL SAMUEL INVESTMENT SERVICES LTD
58 Pall Mall, London SW1Y 5JQ
or telephone 01-839 1012

# CREDIT OFFICER—£15,000

This well known Merchant Bank requires a graduate banker with a minimum of two years corporate credit analysis. Working in their US team you will concentrate on developing their multinational business. Formal American bank training preferred. Age 23/28.

RING MIKE BLUNDELL JONES
on 01-236 1113 (24 Hours)
PORTMAN RECRUITMENT SERVICES

# Accountancy Appointments

## European Tax Director

**Surrey**

**c £48,000 + Car + Fringe Benefits**

The Company is one of the world's largest multinational corporations. The mainstream business activities are in high technology growth sectors and the European market represents a key element in planned future growth.

A European Tax Director is now sought to join the European financial headquarters. The Tax Director will have prime responsibility for directing and monitoring the taxation activities of the operating companies in Europe and will work closely with senior US management. The Director will also have a major input into all European strategic and major investment decisions.

Aged over 30, you will preferably have obtained a UK or US tax qualification. You will be operating currently within the tax function of a major multinational or fulfilling a senior taxation role in public practice with an appropriate client portfolio. The personal qualities essential for success in this demanding role include persuasive and authoritative personal skills, and a commitment to excellence.

Please reply in confidence, giving concise career, personal and salary details, quoting Ref. ER804, to Martin Lawless, Executive Selection. **Arthur Young Management Consultants, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.**

**Arthur Young Executive Selection**
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

## ACA's with language ability currently based in the U.K. or Europe.

**Central London**

**U.S. Multinational** **£18,000-£20,000 plus Car**

Two high profile vacancies exist within the corporate finance function of our client – a highly profitable industrial sector Fortune 500 company.

The roles are demanding and are seen as a training ground for positions within Europe, the U.S.A. or U.K. The successful applicants, who will need to demonstrate highly developed analytical and interpersonal skills, will have a direct and substantial influence over the Group's European operations including capital projects and acquisitions. Some travel is required within Continental Europe and the States.

**Interested applicants should contact David Ryves on 01-734 0493 or write enclosing a current cv to the address below quoting reference 1711.**

**Robert Walters Associates**
Recruitment Consultants
54-62 Regent Street, London W1R 5PJ. Telephone: 01-734 0493

## EUROPEAN INVESTIGATIONS

**ACA's 25-33** **c.£18,000-£20,000 + CAR**

Based in LONDON, our U.S. MULTINATIONAL client has EUROPEAN turnover c.$700m with its principal activities in ITALY, FRANCE, SPAIN, UK, BELGIUM, GERMANY, PORTUGAL and SOUTH AFRICA.

There are currently THREE vacancies for young ACA's of exceptional calibre currently resident in the LONDON area, major EUROPEAN CITIES or the provinces. A suitable RELOCATION package is available in all relevant cases.

Working occasionally as individuals or in teams of 2-5, the successful candidates should expect an overall travel content c.50% returning from Europe and UK locations to home base most weekends.

Travel includes 4-5 weeks in the USA each year and future promotional opportunities are likely to be available in the USA as well as in EUROPE and the UK. The overall business challenge and varied nature of the scope of the work result in HIGH VISIBILITY to senior U.S. and EUROPEAN management.

The basis of a second European language would be advantageous as the company's current language development policy allows successful candidates to acquire PROGRESSIVE LANGUAGE FLUENCY to enhance future promotion and career prospects.

*Please telephone and send CV to:*
GEORGE D. MAXWELL
Managing Director
ACCOUNTANCY APPOINTMENTS EUROPE
1-3 Mortimer Street, London, W1

Tel: 01-580 7695/7739 (direct)
01-637 5277 extn 281/282

Accountancy Appointments Europe

## Financial Manager

**c.£18,000 + Car** **Aged 25-30**

A subsidiary of a major multinational is in an exciting phase of development, with profits increasing by over 100% in 1984 and budgeted to more than double this year. The company, based in Middlesex, is one of the leading UK manufacturers and distributors for the retail industry.

Reporting to the Managing Director, responsibilities will cover all financial and management accounting functions, company secretarial and administrative duties. This will include the management of foreign currencies and overseas reporting to the parent company. Operating at a senior management level, the job holder will be totally involved in the decision-making process and will be expected to make a significant contribution to the overall management of the company.

Candidates must be qualified accountants with good interpersonal skills and the enthusiasm and commitment needed to control the rapid growth of the company.

Please send your career details in strict confidence to David G Rush, quoting reference 6783.

**Mervyn Hughes Alexandre Tic (International) Ltd.**
Management Recruitment Consultants

37 Golden Square, London W1R 4AN.
01-434 4091

## Financial Accountant

### Management potential for growing business

**Wimbledon to £14,500 (under review)**

British Telecom London has a progressive opportunity for a qualified accountant in its South West area, based in Wimbledon.

Essentially, you will bring your professional expertise and experience to financial reporting (monthly figures, analysis, and the provision of financial information) with managerial responsibility for the work of a small dedicated team engaged in the book-keeping function. Equally significant will be your involvement in developing accounting systems and procedures.

Career motivated with experience in a profit-centre environment, you will have the ability to work to tight deadlines and the personality to lead from the front.

Starting salary is up to £14,500 (under review). Excellent scope for initiative and career development.

Please send your CV including a day telephone number and relevant career data, quoting reference FT/01, to Graham Mead at British Telecom London, Recruitment and Selection Centre, St Giles House, 1 Drury Lane, London WC2B 5RA. Alternatively, call Graham Mead or Tony Gasper on 01-836 4653 for further information. Closing date for applications is 22nd August 1985.

British TELECOM London

## Chief Accountant

## A Professional of Mettle

A decisive, professionally qualified accountant is required to join the management team of the City based worldwide marketing subsidiary of an internationally respected mining group as Chief Accountant and Company Secretary.

You must be of a calibre whereby the Directors of the Company will have every confidence in your ability to not only manage the finance function and day to day administration of the business but, on occasions, to deputise for them on their not infrequent overseas visits.

Aged 35/45, you are a first class administrator, an excellent communicator, a rapid rather than hasty decision maker and possess an up-to-date knowledge of computerised systems in a fast moving trading environment. Overseas experience and involvement in Project Management would be an advantage.

The remuneration package is highly negotiable, depending upon experience, and the prospects, benefits and working conditions are all that one would expect from a prestigious organisation.

Interested? Then please write, enclosing brief career details, to Peter S. Findlay, the Company's adviser, at Cripps, Sears & Associates Ltd., Personnel Management Consultants, 88/89 High Holborn, London WC1V 6LH. Telephone: 01-404 5701.

**Cripps, Sears**

## Financial & Operations Controller

### Sales & Marketing

**Birmingham** **c£18,000+car**

An extremely successful Sales and Marketing company supplying specialist metals in the U.K. and with its own distribution facility wishes to improve its operational effectiveness. A new appointment is to be made with responsibilities for financial and management accounting, warehousing, inventory and distribution management.

The company operates in a particularly competitive market sector where financial performance and customer service are of paramount importance.

A qualified accountant is required therefore aged between 28 and 40, preferably with a degree and who has had financial management responsibilities, experience in physical distribution, inventory management, computerised systems and controlling a workforce.

This is a key appointment in a company with a strong profit record and massive growth potential. The scope of the responsibilities calls for someone with the capabilities of eventually fulfilling a position on the Board.

Applicants, male or female, should either write or telephone quoting reference B2632.

Philip Guy
Mason & Nurse Associates
126 Colmore Row
Birmingham B3 3AP
Tel: 021-236 0066

Offices in London & Birmingham

**Mason & Nurse**
Selection & Search

## Financial Controller

**Age 30 – 40** **£20,000**

**Shoreham-by-Sea, West Sussex**

**RICARDO CONSULTING ENGINEERS plc**, one of the foremost high technology internal combustion engine consultants in the world, undertaking design, research and development for the majority of the engine manufacturers in Europe, America and the Far East, requires a Financial Controller who will report to the Finance Director.

Responsibilities will include the day to day operation of the Accounts Department, assisting the Finance Director in formulation and implementation of policies for the operation of the Department, preparation of monthly cost figures, annual budgets and five year plans and for the Commercial Computing Department.

Candidates should be qualified Accountants in the age range 30 – 40 snd have had considerable accounting and computer experience.

Assistance with removal expenses will be considered in appropriate cases.

Please send a comprehensive career resume, including salary history and day-time telephone number quoting ref: 2305 to W.L. Tait, Executive Selection Division.

*Touche Ross*
**The Business Partners**
Hill House 1 Little New Street London EC4A 3TR Tel: 01-353 8011

The Welsh Development Agency is charged with the task of helping to regenerate the economy of Wales and to improve its environment. It promotes Wales as a location for investment, provides finance for industry, owns and develops industrial estates and reclaims derelict land.

The agency has recently reorganised its activities on a regional basis in North and South Wales. A finance section has been successfully established in each region under the supervision of a Regional Accountant, with central finance maintaining overall control and initiating financial policy.

Applications are, therefore, invited for the following positions based at Treforest, near Cardiff.

## Deputy Finance Director

***Salary circa £18,500 per annum***
***Ref: FD/85/1***

The postholder will have responsibility for the management of the central and regional finance departments and will spearhead the finance departments' involvement in agency financial policy, develop budget applications, initiate commercial disciplines, provide management information and deputise for the Finance Director.

Candidates should be energetic and enthusiastic qualified accountants, with substantial experience at a senior level within a similar organisation.

## Investment Accountant

***Salary £10,959 - £11,883 (under review)***
***Ref: FD/85/2***

The new post of Investment Accountant has responsibility for all investment accounting matters, both centrally and in liaison with Regional Accountants. These include annual accounts' requirements, monthly management accounts, monitoring of investment duties, loan repayment arrangements and credit control. The postholder will also be fully involved in the implementation of the accounting arrangements on the in-house computer facility presently under development.

Salaries for the above posts will be in the range quoted, with 30 days annual leave in addition to public holidays. Contributory pension scheme, car user allowance and relocation expenses, where appropriate.

Applications for these posts are invited by Friday, 16 August 1985. Please write in confidence, giving career and personal details, or telephone for an application form quoting the above references.

WDA
*Welsh Development Agency*

John Bradley, Finance Director
Welsh Development Agency
Glantaf House, Treforest Industrial Estate
Pontypridd, Mid Glamorgan CF37 5UT.
Telephone: (044 385) 2666

RAPIDLY EXPANDING
**MANUFACTURING COMPANY**
REQUIRES A QUALIFIED ACA OR ACCA
to take over control of accounts and finances
Applicants must be 35+
Salary £20,000+

*Applications in writing to:*
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# Accountancy Appointments

## Financial Accountant

**c£20k + Car** — **Hitchin**

Our client is Maycast Precision Products, a leading manufacturer and exporter of high precision aeronautical components famous for technical excellence and top quality.

The company wishes to appoint a qualified accountant at its Hitchin headquarters to take charge of financial and associated matters. The job holder will also be expected to provida imaginative advice and guidance to support Maycast's strategy of sustained growth and prosperity.

This senior level vacancy calls for an energetic and mature person in their thirties whose sound professional background is marked by substantial commercial experience in a successful hi-tech production firm with overseas connections. Commitment and contribution to the company's progress, operating style and standards are likely to bring extremely good future prospects.

The excellent terms and conditions for this post includa a starting salary around £20k p.a., a company car, contributory pension and family BUPA. Relocation help is available if necessary.

Applicants should write with a full CV quoting ref: 1426 to:

**BinderHamlyn**
MANAGEMENT CONSULTANTS
Trevor Austin, Executive Selection Division,
Binder Hamlyn Management Consultants,
8 St Bride Street, London EC4A 4DA.

## Group Chief Accountant

**West London** — **£30,000 - £35,000 plus car**

Our client is a major British Group with a multi billion turnover and worldwide interests in both manufacturing and service industries. They are organised on a business related divisional basis with profit management responsibility strongly delegated.

Given this structure and the Group's size, the post requires an outstanding, technically capable and pro-active Chief Accountant to cover the wide responsibilities involved. These include the reporting of consolidated financial data for the Board, monitoring the Group's efficiency and controls, maintaining financial information systems, liaison with auditors and other professional bodies, and analysing variances for management response.

Candidates, probably in their thirties, must be qualified accountants, preferably Chartered, and must be able to demonstrate a record of success in a similar line rôle in a large multinational company. A well developed expertise in EDP systems is important together with strong interpersonal skills since there is considerable contact with a wide variety of senior executives in the Group.

The level of remuneration is designed to be highly attractive to outstanding candidates and will include a fully maintained car and other benefits normally associated with a major company.

Please reply, in complete confidence, enclosing career details to Mike Hann, Director, Bull Thompson and Associates Limited, 63 St. Martin's Lane, London, WC2N 4JX (01-240 3561), quoting reference 1030.

*Bull Thompson*
CORPORATE AND RECRUITMENT CONSULTANTS

## *Group Finance Director*

***Home Counties*** — ***c£35,000 negotiable***

Our client is a profitable, medium-sized engineering group with significant overseas interests and active expansion plans scheduled for the near future. They now wish to appoint a high-calibre financial director to the Main Board.

Specific emphasis in this appointment will be placed on further strengthening the financial disciplines throughout the Group, monitoring the performance of overseas companies and major contracts, cash flow management, direct involvement in contract negotiations, fund raising and acquisitions. The Financial Director will be expected to make a significant contribution to the Group's ambitious growth and profit objectives.

The requirement is for an FCA, aged 40-55, who is currently holding a senior financial role in a substantial industrial business operating internationally. Experience of trade financing in Third World countries would be ideal. This will be a stimulating role and demands stamina, a high degree of commercial acumen and the ability to ensure that corporate objectives are achieved.

The initial salary is open to discussion and will be highly competitive. The range of benefits include a fully-expensed executive car and generous relocation assistance where appropriate.

Candidates should apply in confidence enclosing a full CV and quoting reference MCS/2014 to Milton Ives,
Executive Selection Division,
Price Waterhouse, Southwark Towers,
32 London Bridge Street, London SE1 9SY.

Price Waterhouse
Business Needs Experts.

## Internal Audit Manager - Slough Based

British Credit Trust is a leading National Finance House. Our national network of branches is involved in all aspects of Consumer and Commercial Finance.

Reporting to the Board through the Company Secretary, the Audit Manager will be responsible for the total audit function within the Company. He or she will control a small Audit team whose responsibility includes Departmental and Computer audits at the Slough Head Office and the network of over 40 branch offices. There will be a requirement to travel throughout the U.K.

The ideal candidate will be a qualified Accountant or Internal Auditor with at least 3 years experience in a similar position including E.D.P. Auditing. Banking or Finance experience would be advantageous but not essential.

This is a senior position in an expanding organisation and our benefit package would include a competitive salary, quality Company car, non-contributory pension and life assurance scheme, B.U.P.A. and, subject to eligibility, preferential mortgaga and loan facilities.

For an application form, please write with details of experience, age and current salary, etc. to:–

Peter Preston, Personnel Manager,
British Credit Trust Limited, British Credit House,
High Street, Slough, Berks, SL1 1ED.

**British Credit Trust Ltd**
A Bank of Ireland Company

## FINANCIAL CONTROLLER

**London** — **c. £19,000**

A leading, multi- discipline design and marketing consultancy, part of a British International Group, wishes to appoint a Financial Controller who can make a major contribution in a dynamic and creative environment.

The Company is growing rapidly and emphasis is being placed on the introduction of computerised accounting and management information systems to control costs and maximise productivity and profitability. A strong background in these areas is therefore essential.

Aged in your early 30's, with at least 5 years post-qualification experience, probably in commerce or a service industry, you will take financial responsibility for two U.K. and one overseas based company.

This appointment carries an excellent benefit package, including profit sharing and a choice of car, as well as offering an outstanding opportunity for personal growth.

Please contact Richard Varcoe (quoting Ref. No. 247) showing how you meet the above specification and enclosing details of your career to date.

**cc&p**
Cockman, Copeman & Partners International Limited
26/28 Bedford Row, London WC1R 4HF
A member of AIDCOM International plc

## MANAGEMENT ACCOUNTANTS

**Central London c.£17,500 + benefits**

The Abbey National Building Society is poised for a new wave of business expansion. We can offer experienced Accountants the opportunity to play an important role in shaping the future strategy of tha organisation.

Joining at a time when there is genuine opportunity to influence the decision making of the Society, you will assess existing financial activities and make recommendations on new business opportunities and the methods for entry into new markets. You will also assist the Manager of Financial Services in the production and review of Management information and comparative performance reports.

Highly self-motivated, with good analytical and communications skills, you will need flair and initiative to develop your own approach to your work.

Applicants will be graduates in a numerate discipline and qualified to ACA/ACCA/ACMA, with at least 5 years' experience in a financial environment.

Career opportunities are excellent and the competitive salary package includes subsidised BUPA and relocation expenses where appropriate.

Please telephone Jonathan Nicholls, Manager – Financial Services, on 01-486 5555 ext 4395, if you would like to discuss the position and your suitability for it. To apply please send a full cv to Bill Whitehead, Personnel Officer,
Abbey National Building Society, Abbey House,
Baker Street, London NW1 6XL.

**ABBEY NATIONAL BUILDING SOCIETY**

## Systems Accountant

*Career Challenge*

*Central London*

We are a leading international process engineering and project management contractor, active in the petro-chemical and energy industries. We operate in a high technology, fast moving environment that creates first-class career opportunities for ambitious young professionals.

We are currently seeking an accountant to take progressive responsibility for all of our accounts computer systems. This involves extensive development work on new systems as well as the maintenance and enhancement of existing ones and represents a considerable challenge for someone who sees the next stage of his or her career in this field.

You are likely to be in your mid to late twenties, preferably ACMA qualified and already have had experience, or exposure to this type of work.

First class salary and conditions of employment will be offered.

Please send a comprehensive CV, including current salary, or telephone:

Peter Stoner, Recruitment Manager,
Humphreys and Glasgow Limited,
Chestergate House, 253 Vauxhall Bridge Road,
London SW1V 1HD. Telephone 01-828 1234.

H&G
ENGINEERING THE FUTURE

## Hanson Trust PLC
## Financial Comptroller

Henson Trust PLC requires an ambitious Financial Comptroller to join its small central management team based in London. Hanson Trust is one of the foremost growth companies of the last two decades and is committed to a continuation of this growth both organically and by acquisition in the UK and the USA where over half the group's businesses are situated.

Many of the senior management positions in the group have been filled in the past from members of the central team and the position therefore offers enormous scope for an ambitious and energetic accountant.

The successful applicant, male or female, will be a chartered accountant, 30–35 with a good academic background and progressive experience in practice and industry.

A substantial salary will be paid and generous fringe benefits, including car, are available.

Applications should be made to:

**The Financial Director,**
**HANSON TRUST PLC,**
**180 Brompton Road,**
**London SW3 1HF.**

## *Hoggett Bowers*

*Executive Search and Selection Consultants*
*BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR*

## *Chief Accountant/Company Secretary — quoted plc.*

***South Wales, Negotiable over £16,000 plus Car plus Benefits***

This publicly quoted group engaged in diverse engineering and related activities now requires a proven professional immediately to assume key responsibilities within a small, close-knit central team. The essential requirement is for a qualified accountant with post-qualification experience in management accounting coupled with exposure to secretarial and financial management responsibilities. The ability to provide accurate budgetary plans and reports and to manage cash-flow is vital. The successful candidate will also offer the inter-personal skills to deal effectively with senior colleagues and external institutions and agencies, and will offer leadership by personal example to subordinate staff.

A comprehensive range of benefits including relocation assistance if necessary, is offered.

Male or female candidates should forward a detailed CV to *H. Davies*, **Hoggett Bowers plc,** *3a Hickman Road, Penarth,* **CARDIFF,** *CF6 2AJ,* **0222 700633,** quoting *Ref: 38008/FT.*

## Group Systems Accountant

**London based**
**C £15,000 + car**

The Royds Advertising Group has a turnover of £94 million. It is the 9th largest advertising agency in the UK. and is a member of the Extel Group PLC.

A young commercially aware Chartered Accountant is needed to review, plan and implement accounting, media and information computer systems to improve productivity at its 10 agencies.

Reporting to the Group Finance Director, the responsibilities will include computerisation and preparation of accounts and cash forecasts. A good appreciation of marketing, management and integrated communications systems is desirable.

Please send your C.V. to Martin Frame, Group Finance Director, The Royds Advertising Group Limited,
Royds House,
Mandeville Place,
London W1M 6AE.

ROYDS
ADVERTISING GROUP

## DYNAMIC YOUNG MANAGEMENT ACCOUNTANT

* PREFERABLY QUALIFIED/FINALIST ACMA
* AMBITIOUS/ENTHUSIASTIC
* NEGOTIABLE SALARY

Based in South London, our client is an expanding and profitable medium sized private company involved in the Construction Engineering Industry.

They require an ambitious, able and assertive Accountant with vision and flair, who is not afraid of hard work.

The rewards will match the ability of the successful candidate and benefits include negotiable salary, Private Medical insurance and excellent prospects which are entirely dependent on the individual.

This is an exciting and challenging opportunity and those with confidence of their own ability should write enclosing full personal and career details to:-

Roland Hardyman (Ref: PM/04),
Resource Maximisation International,
Stancrest House, 16, Hill Avenue, Amersham, Bucks.
Tel: 02403 28851

resource maximisation

## Financial Director

**Electronics** — **Oxfordshire**

Solid State Logic Ltd are a growth company in the design and manufacture of sound and video recording consoles. Market leaders in their field, turnover (£22 million) has doubled twice in the last four years. This rapid expansion calls for a high calibre financial executive to manage the financial function and take part in the management of the company.

Candidates will be qualified accountants, probably aged 30-40, with experience of managing the finances of a company in a growth situation. Firmness coupled with diplomacy, a cheerful sense of humour and the ability to fit into the management team, are all essential requirements.

A first class remuneration package is on offer, including an executive car and relocation expenses where applicable. Salary will not be a restricting factor for the right candidate.

**Please send a full curriculum vitae including an indication of your present package and period of notice, to Bernard L. Taylor MBIM, quoting ref: 6781 or ask for a personal history form.**

**Mervyn Hughes Alexandre Tic (International) Ltd.**
Management Recruitment Consultants

37 Golden Square,
London W1R 4AN.
01-434 4091

# Accountancy Appointments

**Civil Aviation Authority**

## Senior Accountant

Central London

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday August 8 1985



# Kosmos board rejects Laly bid

By Fay Gjester in Oslo

THE BOARD of Kosmos, a Norwegian industrial and shipping group, yesterday advised shareholders to reject the NKr 1.1bn ($314.2m) bid for n controlling stake launched earlier this week by Laly, a recently reorganised investment company. Laly, highly liquid after a NKr 250m share issue in June, is controlled by Norwegian brothers Wilhelm and Arne Blystad.

The brothers – still in their early 30s – have become well-known here during the past year through a series of aggressive take-over bids, usually involving shipping companies, and apparently financed mainly by borrowing.

Their strategy has been to corner enough shares seriously to worry the nther owners, who then buy them out – at a good profit to the Blystads. This formula was successfully used in bids for both the Nordenfjeldske and Bergen steamship companies – both of which have since been acquired, in whole or in part, by Kosmos.

The bid for 50.1 per cent of Kosmos is the brothers' most audacious enterprise to date – if it succeeds, it will be Norway's biggest take-over deal.

In recommending its refusal, Kosmos board points out that Laly "has not been able to clarify" where it will raise the money required to pay shareholders the promised price of NKr 236 a share for almost half the shares (Laly already has a holding of about 4 per cent). Nor can the board see that Laly will be able to offer Kosmos any "technical expertise, experience, or other resources of significance." The board also claims the terms of the offer mean those accepting will be running a considerable financial risk, for a price which is too low.

Jonathan Carr in Frankfurt looks at efforts to improve stock exchange efficiency

# Hauling German markets into the 20th century

SLOWLY AND painfully, West Germany's stock market is being hauled into the 20th century. This summer the presidents of the eight German stock exchanges have been discussing how best to improve the efficiency and co-ordination of their far-flung empire. At the same time a Bill is going through parliament which should make it easier for small and medium-sized companies to "go public." Other steps which could give the stock market a boost are also in the wind.

To an outside nbserver, the German stock exchange system looks like two biggish fish and a shoal of minnows in n pretty small pond. From n total turnover last year of DM 234bn ($82.1bn), the Frankfurt exchange accounted for more than half and Dusseldorf a quarter.

That does not leave much for the others – Hamburg and Munich (around 7 per cent each), and Stuttgart, Bremen, Hanover and Berlin. The work duplication and anomalies involved in this splitting up of the market recently led the Economics Minister in the state of Hesse (biggest city – Frankfurt) to describe the system as "medieval."

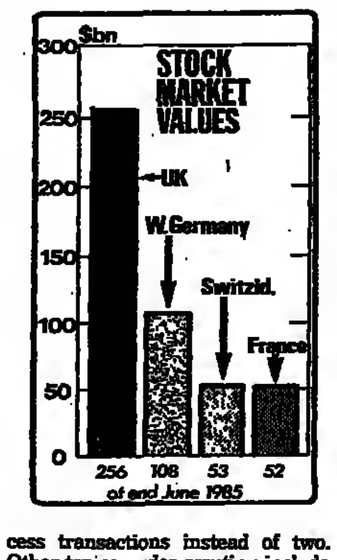
The presidents of the eight exchanges naturally do not go as far as that. But they are clearly worried that the West German market may fall still further behind the main international competition. In London, for example, the turnover in some key German stocks last year exceeded the turnover for the same stocks in Frankfurt.

As a result, Herr Karl-Oskar Koenigs, the president of the Frankfurt exchange, has produced a plan for improvements which he and seven colleagues mulled over in Bremen last month. Another round of talks will be held in a few weeks.

On the face of it Herr Koenigs' proposals look eminently sensible and, it might be thought, easily acceptable. It is planned to upgrade the existing working group of the eight exchanges into n fully-fledged association with a headquarters, staff and a president.

This body would do all the initial processing of stock-exchange applicants – n job currently duplicated by the eight exchanges – thus saving costs and paperwork. The association would also handle legal questions and put out a single annnal report covering the whole German stock market.

Another idea is to amalgamate regional clearing houses for securities transactions and to use only one major computer centre to process transactions instead of two. Other topics under scrutiny include a change in working hours to fit better with foreign exchanges, notably London and New York.




One thing is certain: whatever else emerges from tha reform discussions, it will not result in just nne German stock exchange, say in Frankfurt. Nor is it likely that even the smallest German exchanges are endangered. Regional pride, long pre-dating the country's postwar federal system, will see to that. Herr Koenigs' innocent-looking suggestions contain some more problems just below the surface.

For example, where will the new association be based? The answer is probably Frankfurt but, because the other exchanges are sensitive to Frankfurt boosting its already predominant financial position, the voting procedures in the new body will need to be worked out carefully to protect "minority interests." The first president will almost certainly not come from a Frankfurt bank.

Then there is the tricky question of which of the two existing data processing systems to use for settlement transactions: the nne based on Siemens hardware in Düsseldorf or the one using IBM equipment in Frankfurt. At present the balance seems to have tipped in favour of the former.

Much of this seems strikingly provincial; indeed, one German stock exchange expert in Frankfurt clapped his hand to his forehead and confessed to shame, as he recounted the many regional (and historical) nbstacles to a unified market. But if the "Koenigs plan" does not involve n basic structural change, it should allow the exchanges to operate more efficiently and the division of labour between them will become more marked. Frankfurt and Düsseldorf will consolidate their position as the "top two" with an international perspective, while the regional exchanges will boost their business with local enterprises, not least the smaller ones "going public" for the first time.

It is with the interests of such companies in mind that the centre-right government in Bonn has proposed a "Börsenzulassungsgesetz" or "Stock Exchange Admission Act." The Bill was passed by the cabinet in May, has been debated in the Bundesrat, the upper house of parliament which groups together representatives of the provincial states, and will go to the Bundestag (lower house) in the autumn.

The details are complex but the aim is simple – to help more smaller and medium-sized companies improve their often woefully weak capital base through a public share issue, while protecting investors' interests. During the past few years many more companies have been coming to the market (more than a score in 1984 alone) but a major structural problem remains.

The top tier of the market – an official stock exchange listing – involves cost, documentation and other hurdles which many smaller businesses cannot surmount. On the nther hand, trading in the over-the-counter and unofficial markets is now covered by the provision of the Stock Exchange Act and potentially involves more hazards for investors. The Government now aims to create a so-called "regulated market" – in effect an unlisted securities market – below the top tier but with legal safeguards for investors.

Many loose ends need tying up, for example to ensure big companies dn not simply make use of the new tier to tap the market while avoiding the stringent conditions attached to an official listing. A battle is also being waged over whether institutions nther than banks will be able to bring new companies to the market.

But with luck, the new law and the "Koenigs plan" could be broadly approved by the end of the year. If so, it will be a fitting end to 1985, which has already brought sweeping moves by the Bundesbank to remove many of the remaining restrictions in the country's capital market.

# Federal block on employee buyout

By Our Financial Staff

THE U.S. Labour Department has, for what is believed to be the first time, objected to the terms for a buyout of n company by its employees.

Mr Ralph Schey, chief executive of the company involved, Scott & Fetzer, said he was shocked by the Labour Department's position. He expressed "deep concern that an agency of the federal government was overriding a mandate of the U.S. Congress to liberalise employee stock ownership (Esop) regulations and extend the benefits nf stock ownership to millions of workers."

Scott & Fetzer, an Ohio-based group thnt markets n wide range of household and educational products, is seeking an alternative buyout structure but is uncertain whether a satisfactory deal could be developed by next week's deadline for acceptance of the original offer.

Under the present nffer promoted by Kelso & Co, the employees would acquire 41 per cent of Scott & Fetzer at $62 a share, for n total cost nf $422m. But the Labour Department says that percentage is inadequate and, based on its "allocation theory," the appropriate ration would be about 66.7 per cent for the employee's plan and 3.3 per cent for Kelso, nther outside investors and more than 50 members nf management.

That would leave 30 per cent for General Electric Credit in the form of warrants.

The nriginal buyout would involve Scott & Fetzer in lending $182m, part of a $500m loan commitment from the credit company. The company said it would be fully liable for the funds loaned to the plan. Employees would not pay for the stock nor would they be liable for loan repayments.

Yesterday Scott & Fetzer shares resumed trading at $56½.

# Superfos warning sends shares down

BY HILARY BARNES IN COPENHAGEN

SUPERFOS, the Danish chemicals company, yesterday warned that its 1985 profits would be lower than last year. The announcement prompted a sharp fall in the company's shares which had risen steadily in price this year.

Superfos' statement came two weeks before its half-year earnings report is due. Since the end of last year, the share price has risen from DKr 414 to DKr 530, but yesterday was back to DKr 448.

The price moved up on expectations that the group's acquisition of Royster, the American fertiliser manufacturer, would boost profits this year. But the Superfos statement said that earnings from Royster would be lower than expected.

Difficulties in the American farming industry coupled with the adverse effect of the high dollar exchange rate on export sales were blamed for the problems. A long, hard Danish winter also had a negative effect on domestic fertiliser sales, but the group said that 1985 earnings would nevertheless remain "acceptable."

# Rothschild NY bank drops merger talks

By William Hall in New York

L. F. ROTHSCHILD, Unterberg, Towbin, the New York investment bank in which Britain's J. Rothschild Holdings has a 50 per cent stake, has called off takeover talks with General Felt Industries, a New Jersey carpetmaker controlled by Mr Marshall Cogan, a Wall Street entrepreneur.

In a brief statement yesterday, the New York investment bank announced its management committee had "unanimously agreed" not to pursue talks with General Felt on the acquisition of an interest in the investment banking firm.

It is understood the approach by General Felt crystalised the firm's thinking about its future and it decided it wanted to remain independent. L. F. Rothschild, Unterberg, Towbin has capital of $156.5m and is jointly owned by the UK-based Rothschild Holdings and its 60 working partners.

# Western Union strike ends

BY OUR FINANCIAL STAFF

THE 10-day nationwide strike at Western Union, the financially struggling U.S. telecommunications group, has ended after concessions by union negotiators on several issues considered crucial by the company to ensure survival.

Negotiators for the New Jersey-based company and the United Telegraph Workers' Union (UTW), which respresents 6,500 Western Union employees, reached a settlement late on Tuesday. However, the company has failed to reach agreement with the Communications Workers of America, representing 600 workers in the New York City area, who joined the walkout on July 31.

The company and the UTW have agreed on a two-year contract to replace the contract which expired on July 27. Mr Richard Brockert, international president of the UTW, said union negotiators made concessions on most outstanding issues.

Main issues that caused the strike included severance pay, health care benefits and hiring of part-time employees. Under the proposed contract, employees will pay more for health benefits, part-time employees will be added in some Western Union offices, and future workers will not be able to accumulate more than 20 weeks of severance pay.

The agreement, which is subject to ratification by the union members, represents a victory for Mr Robert Leventhal, Western Union's chairman. In mid-day trading on the New York Stock Exchange yesterday the company's shares were quoted at $13, up $1¼.

Western Union came close to bankruptcy a few months ago amid a liquidity crisis. In the second quarter of 1985 it reported a net loss of $9.7m, compared with a $2.9m operating deficit a year earlier.

# CBI Industries takes $88m net writedown

By Our Financial Staff

CBI INDUSTRIES, the Illinois-based contracting services, industrial gases and energy group, will take an $88.1m net charge in the second quarter, reflecting weakness in worldwide energy-related construction markets.

The charge, equivalent to $153m pre-tax, reflects writedowns nn excess fabricating plant and warehouse facilities in the U.S. and abroad, contract drilling and offshore-energy equipment and facilities.

CBI has already predicted a slight fall in 1985 net earnings to $2 a share, after profits of $38.7m or $2.09 a share in 1984. In the first quarter of this year the company sustained a loss of four cents a share, and it expects second-quarter earnings before the special charge to be below the $11m earned in the second quarter of 1984.

Mr W. A. Pogue, chairman and chief executive, said the weakness in oil and gas-related construction activities had become "more intense due to recent declines in product prices and cutbacks in exploration and production."

However, be said the writedown should have future positive benefits and make the company more competitive whenever there was any improvement in energy-related markets.

# Actinor acquisition lifts Hafslund performance

BY OUR OSLO CORRESPONDENT

HAFSLUND, the Norwegian ferro-alloys, hydro-power and engineering group, sharply increased operating income and profits in the first half of 1985 compared with a year earlier – reflecting the group's acquisition, towards the end of the period, of a 51 per cent stake in another Norwegian industrial group, Actinor.

Operating income was NKr 974m ($116.6m) higher than a year ago at NKr 1.28bn and profits more than doubled to NKr 219m. Actinor's results have been consolidated in Hafslund's accounts, with effect from January.

However, the half-year accounts show a marked profit increase even without Actinor's NKr 52m contribution. On its own Hafslund earned a profit before extraordinary items of NKr 167m in the period, compared with NKr 95.9m in January/June last year and NKr 178.8m for 1984 as n whole.

The improvement was due mainly to favourable hydro-power output conditions and prices during the six months. Hafslund is one of the few private companies in Norway which generate power for sale as well as their own use.

Rising electricity prices, while benefiting the power division, hit the metals division which was also affected by lower sales after a temporary plant shut-down. The half-year profit for this sector was down from last year, and in July/December only a break-even result is expected due to higher power costs and weaker prices for ferro-alloys. A positive contribution to the division's returns is being made by n newly acquired UK subsidiary, Tennant Metallurgical Ltd. Hafslund's holding interests in Britain have recently been re-organised and are now owned 90 per cent by Hafslund (UK) Ltd.

The profit trend for the engineering division was "weaker than budgeted" in the period, but the report sees a promising future for the division's strategy of acquiring stakes in small hydro-power plants in various parts of the world, including the U.S. and China.

Hafslund has made an offer for tha remaining shares in Actinor, which has interests in pharmaceuticals, welding equipment and marine services, and Actinor shareholders are due to reply next week.

# Korean bank raising Y30bn

By Alexander Nicoll in London

KOREA Exchange Bank (KEB) is raising a Y30bn loan, the largest Euroyen loan to be launched since Sweden failed in April to raise n Y100bn credit because Japanese banks saw the terms as too tight for the newly-opened market.

Bank of Tokyo and six other banks are leading the eight-year KEB loan, with interest set 0.5 points above London interbank offered rates for the first two years and 0.625 per cent for the remaining six.

Abbey National Building Society, which launched n £50m certificate of deposit issue in June through County Bank, is issuing a further £35m through a facility led on the same terms by Credit Suisse First Boston. The new issue has interest ⅛ points above three-month London interbank bid rates. It matures in June next year

# Innovation enlivens Eurodollar sector

BY MAGGIE URRY IN LONDON

INNOVATION in the Eurodollar bond market is the way to keep investors interested, it seems, and yesterday Crédit Foncier launched a novel floating rate note, while the expected complex convertible deal for Rockefeller Center Properties was emerging late in the day.

The Crédit Foncier issue, led by Merrill Lynch, is the first FRN to be priced at a premium, excluding issues with warrants. The $300m 12-year deal will be used as part of the refinancing of an earlier $500m issue, which will be redeemed early.

The issue was open to competitive bidding and Merrill won the deal with a mis-match formula as well as the 100.05 issue price. Interest will be paid every six months at the higher of one-month London interbank offered rate (Libor) or six-month London interbank mean rate (Limean), refixed every month. Investors get protection from an inverted yield curve whila benefiting if the yield curve is steeply positive. Fees total 10 basis points.

The issue gives Crédit Foncier a borrowing cost just below Libor, while investors, too, thought the terms were good and the issue traded just above par.

Terms for the Rockefeller issue will be presented to co-managers today, although the issue has been heavily pre-placed. The deal, which is part of the financing of the new company which will own 60 per cent of the famous New York office complex, will raise a total of $500m.

The issue is expected to have two tranches, n coupon bond raising $335m, and a zero-coupon bond making up the rest of the amount. Both will mature on December 31 2000, at which time they will be convertible into shares of the new company at fixed prices.

The coupon bond will pay interest at 8 per cent for the first 9¼ years, and then pay 13 per cent. At maturity investors can either convert into the stock at $11.82 or into a floating rate note with a seven-year life which Rockefeller could redeem immediately at par.

The zero issue is priced nt $22.58 to give a yield to maturity of 10¼ per cent. This issue will be convertible into shares at a price of $21.71.

Otherwise the Eurodollar bond market was again quiet with prices little changed. Traders hope that once the U.S. Treasury auctions are out of the way n clearer view will emerge.

In the New Zealand dollar Eurobond market Dart & Kraft, the processed cheese, Tupperware and Duracell group, launched a NZ$60m issue. Morgan Stanley brought in eight co-leads, covering a broad geographic spread, in the effort to achieve good placement for the bonds. The three year deal has a 16¼ per cent coupon and a 100½ issue price. Fees total 1½ per cent. The proceeds are being swapped into fixed rate U.S. dollars.

In the sterling bond market. S.G. Warburg set the terms for Australia's £100m bulldog issue, which matures in 2012. The coupon was fixed at 9½ per cent and issue price at 87.305, to give a gross redemption yield on a semi-annual coupon basis of 10.977 per cent. This is a 45 basis point margin above the yield on the reference gilt-edged stock, Treasury 13½ per cent 2004-08. Applications must be made this morning.

There was innovation in the Swiss franc foreign bond market yesterday too. Soditic won its first mandate for a Japanese borrower and launched the first public floater 15 year deal is for Hanwa, the trading house, and is guaranteed by Mitsubishi Bank. The interest rate will be ⅛ per cent above six month Libor subject to a minimum of 3 per cent and maximum of 8 per cent.

SBC launched n SwFr 123m dual currency issue for Philip Morris Credit Corp. This matures after eight years and has a 7¼ per cent coupon payable in Swiss francs. Issue price is par and the deal will be redeemed in U.S. dollars at a rate of $2,350 per SwFr 5,000 bond.

Secondary market prices were little changed yesterday in the Swiss franc sector, with low turnover.

The Euro-D-Mark market was also quiet, though prices were fractionally higher as hopes increased of an official interest rate cut soon. Turnover in the newer issues is good and the EIB issue launched on Tuesday traded around its issue price.

● Mr Cedric Nimmo, one of the earliest members of the Eurobond market, is leaving First Chicago, where be was n director, to join Kleinwort Benson.

International bond service, Page 14

# INTL. COMPANIES AND FINANCE

## Halliburton suffers heavy loss in quarter

BY OUR FINANCIAL STAFF

HALLIBURTON, a leading U.S. oil-field services and industrial engineering group, dived to a second-quarter net loss of $474.77m, from a profit of $92.79m or 79 cents a share last time.

In the latest quarter there was an operating loss of $146.76m before a provision of $328.01m for the anticipated settlement of litigation related to the company's South Texas nuclear power station contract. In addition, the result was hit by a $195m write-off on offshore equipment and other marine investments.

The total loss for the half year emerged at $418.41m, compared with profit of $168.49m, or $1.42 a share on revenues down at $2.39bn from $2.65bn a year ago. For the latest three months revenues slipped to $1.22bn, from $1.36bn.

Halliburton said it expects to show a loss for the year compared with $39.6m profit seen for 1984. As known in May, the owners of the troubled Texan power station project won a $750m out-of-court settlement for cost and construction overruns. The agreement, believed to be the highest ever U.S. out-of-court settlement, follows litigation stretching back to 1981.

Halliburton is the parent to the main contractor on the project.

The group said its financial condition remains strong, with cash and liquid securities totalling almost $1bn.

## Alcan to buy Spar interest

By Robert Gibbens in Montreal

ALCAN Aluminium plans to diversify into the high-technology field by taking an indirect minority interest in Spar Aerospace, builders of space and satellite communications systems, remote manipulators, aircraft components and other products, with annual volume of around C$200m (U.S.$148m).

Alcan has signed a letter of intent with Mr Larry Clarke, Spar president, and Crowborough Investments, a family holding company, whereby Alcan would buy a 50 per cent interest in Crowborough, which in turn owns 48.3 per cent of the voting rights of Spar.

In effect, Alcan is optioning an indirect voting stake of just over 24 per cent in Spar, which has a present market value of about C$75m. Alcan said the deal will be closed near the end of September, depending on market conditions.

Nearly two years ago, Alcan acquired a 20.5 percent interest in Haley Industries, a precision magnesium and aluminum alloy castings maker, and a customer for Alcan alloys.

● Nova, the Calgary-based gas transmission and petrochemicals group which controls Husky Oil, a heavy oils producer, reports lower net operating profit in the first half.

Better earnings from heavy oil and the benefits of lower interest cost were more than offset by low petrochemical prices. However, better polyethylene prices in July may indicate an improvement in petrochemicals in the second half.

First half net operating profit was C$62.3m (U.S.$46m) or 15 cents a share against C$74m or 29 cents. After special items, including a writedown covering the dilution of Nova's ownership in Husky, final net profit was C$3.4m against C$207m a year earlier, which included a C$133m gain on the sale of U.S. oil and gas properties.

Revenues for the half-year were C$1.68bn against C$1.91bn.

● Moore, the Canadian business forms giant which has most of its sales in the U.S., continued its good performance in the second quarter with earnings of U.S.$31.7m or 36 cents a share against U.S.$28m or 32 cents on sales of U.S.$494m against U.S.$497m.

Net profit for the first half was U.S.$64m or 72 cents a share against U.S.$56m or 64 cents on sales of U.S.$994m against U.S.$997m.

## Deak reshape wins court approval

By William Hall in New York

A U.S. bankruptcy court has approved a reorganisation plan for Deak & Co, parent of the worldwide money changing and banking group, which opens the way for control to pass to Mr Chan Cher Boon, a Far East financier.

Deak & Co, which filed for protection under Chapter 11 of the U.S. bankruptcy code last December, has been working with its creditors to repay its debts. There has been considerable interest in the group, which not only controls a large network of foreign currency exchange offices in North America but also owns a bank in Switzerland and another in Austria.

The U.S. bankruptcy court approved the reorganisation plan which was filed with the court on July 5 despite the last-minute intervention by a U.S. assistant attorney who wanted the proceedings suspended because of a grand jury investigation.

## Genstar

GENSTAR, the Canadian group, was incorrectly spelled in yesterday's edition.



## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for August 7.

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | week | Yield |
|---|---|---|---|---|---|---|
| Amex Credit 10⅞ 90 | 100 | 100¾ | 101⅛ | 0 | −0½ | 10.61 |
| Amex Credit 12⅛ 88 | 150 | 105⅛ | 105⅝ | −0⅛ | −0½ | 10.52 |
| Allied Richfld 10½ 90 | 250 | 92⅝ | 92⅞ | +0¼ | +0⅜ | 11.28 |
| BP Capital 11¼ 92 | 150 | 100¾ | 101¼ | −0⅛ | +0⅛ | 10.87 |
| Canada 11½ 90 | 300 | 103¾ | 104¼ | 0 | −0¼ | 10.28 |
| Canadian Pac 10¾ 93 | 100 | 99¼ | 99¾ | 0 | 0 | 10.85 |
| Canadian Pac 12⅛ 90 | 75 | 105⅛ | 105⅝ | −0⅛ | −0⅜ | 11.55 |
| CBS Inc 11⅜ 92 | 100 | 101 | 101½ | 0 | +0⅛ | 11.08 |
| Chevron U.S.A. 12¾ 89 | 600 | 105¾ | 106¼ | −0¼ | −0½ | 10.96 |
| Citicorp 11½ 95 | 150 | 100⅜ | 100⅞ | 0 | +0¾ | 11.38 |
| Coca Cola 11¾ 91 | 100 | 105¼ | 105¾ | −0⅜ | +0¾ | 10.25 |
| Denmark Kingdom 11¼ 89 | 100 | 101⅝ | 102⅛ | 0 | 0 | 10.95 |
| Denmark Kingdom 11½ 90 | 100 | 102¼ | 102¾ | +0¼ | +0⅛ | 10.77 |
| Denmark Kingdom 11½ 92 | 100 | 101⅛ | 101⅝ | −1¼ | +0⅛ | 11.17 |
| Denmark Kingdom 10¾ 91 | 100 | 100⅝ | 100⅞ | 0 | +0¼ | 11.15 |
| E.D.F. 10 95 | 225 | 93⅝ | 94⅛ | −0¼ | 0 | 11.04 |
| E.E.C. 11⅛ 90 | 100 | 101¾ | 102¼ | −0¼ | 0 | 10.59 |
| E.I.B. 12 95 | 200 | 104⅝ | 105⅛ | −0⅜ | −0⅛ | 11.13 |
| E.I.B. 13 96 | 200 | 109½ | 110 | 0 | +0½ | 11.40 |
| Export Dev Corp 10 90 | 100 | 98⅛ | 98⅝ | −0⅛ | 0 | 10.49 |
| Export Dev Corp 12 89 | 100 | 104¾ | 105¼ | 0 | 0 | 10.45 |
| Fed Dep Stores 10⅛ 96 | 100 | 94⅛ | 94⅝ | 0 | −1⅛ | 11.00 |
| Ford Motor Cred 11⅜ 90 | 100 | 101⅛ | 101⅝ | 0 | +0⅜ | 10.98 |
| Ford Motor Cred 11⅜ 95 | 100 | 100⅛ | 100⅝ | −0⅜ | −0¼ | 11.33 |
| Ford Motor Cred 11¾ 92 | 100 | 101⅛ | 101⅝ | +0¼ | +0⅜ | 11.42 |
| Ford Motor Cred 12 95 | 100 | 102½ | 103 | 0 | −0¼ | 11.48 |
| Gen Elec Credit 10⅞ 90 | 200 | 99¾ | 100¼ | −0¼ | +0⅜ | 10.24 |
| GMAC 10¾ 89 | 200 | 99⅝ | 100⅛ | −0¼ | −0¼ | 10.27 |
| IBM Credit 10⅞ 2000 | 300 | 101¼ | 101¾ | −0¼ | +1 | 10.16 |
| Japan Air Lines 12⅜ 94 | 100 | 115½ | 116 | −0⅛ | +0¾ | 10.57 |
| Kellogg Company 10⅞ 90 | 100 | 100¾ | 101¼ | 0 | +0¼ | 10.54 |
| Kellogg Company 11¼ 92 | 100 | 101⅜ | 101⅞ | 0 | −0¼ | 10.85 |
| L.T.C.B. 12⅜ 91 | 100 | 107¾ | 108¼ | −0¼ | +0¼ | 11.01 |
| Macy Cred Corp 11¾ 96 | 100 | 102¼ | 102¾ | −1¾ | −0⅜ | 11.28 |
| Mellon Bank 13 87 | 100 | 104¾ | 105¼ | 0 | −0½ | 10.17 |
| Merrill Lynch 12¾ 89 | 100 | 104⅜ | 104⅞ | −0¼ | −0⅛ | 11.27 |
| Minnesota 11⅛ 87 | 100 | 102¾ | 103¼ | −0⅛ | 0 | 9.87 |
| Mitsui Trust 11⅝ 90 | 100 | 101⅛ | 101⅝ | +0⅛ | −0¾ | 11.23 |
| Morgan Guaranty 12¾ 90 | 150 | 105 | 105½ | 0 | −0¼ | 10.72 |
| Penney J.C. 12¾ 91 | 100 | 105⅞ | 106⅜ | 0 | −0⅛ | 11.29 |
| Pru Realty secs 12¼ 95 | 548 | 104⅛ | 104⅝ | −0⅛ | −0⅜ | 11.32 |
| Qantas Airways 10⅝ 93 | 140 | 96⅝ | 97⅛ | −0⅛ | +0½ | 10.90 |
| Quebec Hydro 11½ 92 | 100 | 102½ | 103 | +0⅛ | 0 | 10.91 |
| Queensland Govt 10¾ 95 | 100 | 95¼ | 95¾ | −0⅛ | +0¼ | 11.81 |
| Ralston Purina 11¾ 96 | 150 | 102 | 102½ | −0⅛ | +0⅛ | 11.34 |
| Ralston Purina 12¾ 89 | 100 | 105⅞ | 106⅜ | 0 | 0 | 10.82 |
| Saskatchewan 10¾ 92 | 100 | 99⅜ | 99⅞ | −0⅛ | −0⅛ | 10.80 |
| Saskatchewan 11⅞ 89 | 100 | 104 | 104½ | −0⅛ | −0⅛ | 10.53 |
| S Wales Trsy 11¾ 90 | 150 | 103¾ | 104¼ | +0⅛ | +0⅜ | 10.80 |
| Swed Exp Cred 10 92 | 100 | 96⅛ | 96⅞ | −0⅛ | +0⅜ | 10.72 |
| Swed Exp Cred 12¾ 88XW | 100 | 106⅛ | 106⅝ | +0⅛ | +0¼ | 10.73 |
| Sweden Kingdom 10⅞ 90 | 200 | 100⅜ | 100⅞ | −0⅜ | −0¼ | 10.67 |
| Sweden Kingdom 11½ 89 | 200 | 102⅞ | 103⅜ | 0 | +0⅛ | 10.53 |
| Sweden Kingdom 11¾ 94 | 100 | 103 | 103½ | −0⅜ | −0⅛ | 11.15 |
| Tenneco Corp 10¾ 96 | 150 | 96⅜ | 96⅞ | −0¼ | −0⅜ | 10.97 |
| Texaco Capital 11⅛ 95 | 250 | 99⅛ | 99⅝ | −0¼ | +0⅛ | 11.22 |
| Texaco Capital 12⅛ 87 | 300 | 104¾ | 105¼ | 0 | −0⅛ | 10.05 |
| Tokai Asia 11½ 96 | 100 | 101⅛ | 101⅝ | 0 | −0¼ | 11.25 |
| Victorian Rep 11¾ 92 | 150 | 102½ | 103 | +0⅛ | +0⅜ | 11.09 |
| World Bank 12¼ 94 | 150 | 105⅛ | 105⅝ | 0 | −0⅛ | 11.32 |
| World Bank 12⅞ 94 | 200 | 109⅝ | 110⅛ | +0⅛ | 0 | 11.08 |

Average price change On day −0⅛ on week 0

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev Bank 8 94 | 200 | 105⅝ | 106⅛ | +0¼ | +0⅜ | 7.08 |
| Austria Republic 7⅝ 94 | 200 | 104⅝ | 105⅛ | +0½ | +1½ | 6.88 |
| Baxter Travenol 7¾ 94 | 200 | 102¾ | 103¼ | −0¼ | −0¾ | 6.77 |
| Copenhagen 7⅝ 95 | 150 | 101⅛ | 101⅞ | 0 | +0¾ | 7.34 |
| Credit National 8⅛ 94 | 200 | 105⅞ | 106⅜ | +0¼ | +0⅜ | 7.11 |
| E.I.B. 7¾ 94 | 300 | 101¾ | 102½ | +0⅜ | +0⅜ | 6.93 |
| Escom 8 92 | 150 | 95¼ | 96 | +0⅛ | +0⅛ | 8.08 |
| Ex-Im Bk Korea 7¾ 90 | 100 | 98¼ | 99 | +0⅛ | −1¾ | 7.87 |
| Ferrovie Dello Stato 8 91 | 100 | 104⅝ | 105⅜ | +0¼ | +1 | 6.80 |
| Finland Republic 7 92 | 200 | 100⅞ | 101⅜ | 0 | +0¼ | 6.74 |
| Gould Int Fin 7¾ 91 | 100 | 104⅛ | 104⅞ | +0¼ | −0¼ | 6.95 |
| Ireland 8⅛ 92 | 150 | 105⅛ | 105⅞ | −0¼ | −0½ | 7.07 |
| Japan Fin Corp 7¾ 91 | 100 | 106 | 106¾ | +1⅜ | +0⅝ | 6.70 |
| Mitsubishi Hvy 3½ 89WW | 300 | 129⅜ | 130⅛ | +0½ | +3 | −2.32 |
| Mitsubishi Hvy 3½ 89XW | 300 | 91⅝ | 92⅜ | −0¼ | +0⅝ | 5.88 |
| Mitsubishi Met 3⅛ 89WW | 100 | 104½ | 105¼ | −0⅜ | +2⅛ | 1.95 |
| Mitsubishi Met 3⅛ 89XW | 100 | 89½ | 90¼ | +0⅛ | +0⅜ | 6.18 |
| Quebec Hydro 7⅛ 95 | 200 | 101½ | 102¼ | +0⅜ | +0⅜ | 6.85 |
| Renfe 7¾ 95 | 100 | 103⅜ | 104⅛ | +0¼ | +0¾ | 7.20 |
| Renown 3⅛ 90 | 80 | 105½ | 106¼ | −1⅜ | −4⅜ | 1.88 |
| Soc Cent Nuclear 7¾ 95 | 150 | 100½ | 101¼ | +0⅜ | +0⅝ | 7.12 |
| Societe Cent Nuclear 8 91 | 100 | 106⅞ | 107⅝ | +0½ | +0½ | 6.40 |
| Sth African Tran 7⅝ 92 | 100 | 93⅞ | 94⅝ | +0¼ | +1⅛ | 8.71 |
| World Bank 7⅝ 89 | 100 | 103 | 103¾ | +0⅜ | +0⅛ | 6.62 |
| World Bank 8 94 | 200 | 106¼ | 107 | +0⅛ | +0⅜ | 6.98 |

Average price change On day +0⅛ on week +0½

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | week | Yield |
|---|---|---|---|---|---|---|
| African Dev Bk 6⅛ 94 | 100 | †101½ | 101¾ | −0¼ | +0¼ | 5.91 |
| Avon Cap Corp 5⅜ 94 | 130 | †98¼ | 98½ | 0 | 0 | 5.45 |
| Brit Land Corp 6⅛ 99 | 75 | †102½ | 102¾ | −0½ | −0¾ | 5.81 |
| Council of Europe 6 92 | 120 | †101¾ | 102 | −0¼ | −0¼ | 5.67 |
| Creditanstalt 5½ 94 | 100 | †94½ | 94¾ | +0¼ | +1 | 5.88 |
| Deutsche Bk Fin 5¾ 95 | 100 | †101 | 101¼ | +0¼ | +1 | 5.62 |
| E.I.B. 5⅞ 94 | 120 | †100½ | 100¾ | −0¼ | −0½ | 5.78 |
| Export Dev Corp 5¾ 92 | 125 | †101½ | 101¾ | +1 | +1¾ | 5.10 |
| Gen Occidentale 4½ 94 | 50 | †102½ | 102¾ | +0½ | +0¼ | 4.15 |
| I C Industries 5⅜ 94 | 125 | †100 | 100¼ | +0⅛ | 0 | 5.40 |
| Ind Fund Fin 5¾ 94 | 40 | †100 | 100¼ | 0 | −0½ | 5.73 |
| Int-Am Dev Bk 6⅛ 94 | 120 | †102½ | 102¾ | 0 | +1 | 5.75 |
| N.Zealand steel 5¾ 96 | 70 | †94⅛ | 96¾ | −0¼ | −0¼ | 5.91 |
| Obaros Kiwk 5⅜ 95 | 100 | †98¼ | 98½ | 0 | 0 | 5.50 |
| Ralston Purina 5⅜ 94 | 125 | †100 | 100¼ | +0½ | 0 | 5.35 |
| Santos Finance Ltd 6 94 | 130 | †93 | 93¼ | 0 | 0 | 8.12 |
| Tokyo Elec Pwr 5½ 93 | 120 | †98½ | 98¾ | 0 | 0 | 5.73 |
| Tokyo Metropolis 5¼ 94 | 80 | †98¾ | 99 | 0 | 0 | 5.40 |
| World Bk 5⅜ 94 | 150 | †101 | 101¼ | 0 | −0½ | 5.30 |

Average price change On day +0⅛ on week +0⅛

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | week | Yield |
|---|---|---|---|---|---|---|
| Finland Republic 6⅝ 90 | 15 | 99⅞ | 100⅜ | 0 | +0⅛ | 6.71 |
| Gdyr Tr & Rubber 7⅛ 95 | 25 | 98½ | 99 | −0⅛ | 0 | 7.30 |
| Mort Bk Denmark 7 92 | 10 | 100⅛ | 100⅝ | 0 | 0 | 6.92 |
| New Brunswick 7⅛ 95 | 10 | 101¼ | 101¾ | 0 | +0⅛ | 6.91 |
| World Bank 6⅝ 90 | 25 | 100¼ | 100¾ | 0 | +0⅛ | 6.40 |

Average price change On day 0 on week +0⅛

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | week | Yield |
|---|---|---|---|---|---|---|
| Australia Com 12⅞ 90SA | 125 | 101¾ | 102¼ | −0⅜ | −0¼ | 12.26 |
| Citicorp Aust 13½ 89SA | 40 | 100⅞ | 101⅜ | 0 | −0½ | 12.88 |
| CSR Finance 13¾ 90 SA | 40 | 100⅜ | 100⅞ | −0¼ | −0¾ | 12.98 |
| Nissho Iwai 13¼ 90 SA | 30 | 99¾ | 100¼ | −0⅛ | −0¼ | 13.15 |
| Amex 10¾ 90 C$ | 50 | †100¼ | 100¾ | +0¼ | +0⅜ | 10.60 |
| Genstar Fin 11¾ 95 C$ | 75 | †97¼ | 97¾ | +0¾ | +0⅞ | 12.15 |
| Hamil-Wenth 10¾ 95C$ | 25 | †95 | 95½ | 0 | −0¼ | 11.67 |
| Loblaw Cos 11⅜ 92 C$ | 50 | †99⅛ | 99⅝ | +0⅞ | +0⅜ | 11.74 |
| New Brunswick 11⅞ 95C$ | 75 | †99⅞ | 100⅜ | +0¼ | +0⅜ | 11.90 |
| Shell Canada 11¼ 92 C$ | 75 | †99⅝ | 100⅛ | +0⅜ | +0¾ | 11.27 |
| Winnipeg City 10⅜ 90C$ | 50 | †93½ | 94 | +0¾ | +0¼ | 10.96 |
| BP Capital 16 89 NS | 30 | 95½ | 96½ | −0½ | −1⅞ | 16.44 |
| Danish Ex Fin 16⅜ 90NS | 40 | 96¾ | 97¼ | 0 | −0⅛ | 17.38 |
| KB Ilma 16⅝ 90 NS | 30 | 96⅞ | 97⅞ | +0⅜ | +0⅞ | 17.18 |
| C.N.T 9¾ 92 ECU | 75 | 105⅝ | 106⅛ | +0⅛ | −0½ | 8.32 |
| C.N.T 9¾ 95 ECU | 75 | 103⅝ | 104⅛ | −0⅛ | −0¾ | 9.25 |
| Eurofima 9⅜ 93 ECU | 50 | 104¾ | 105½ | +0⅛ | −0⅞ | 8.44 |
| Eurofima 7½ 92 FL | 50 | 100⅝ | 101⅛ | +0⅛ | +0⅜ | 7.25 |
| Philips Lamps 7½ 90 FL | 150 | 103¼ | 103¾ | −0⅛ | +0⅜ | 6.60 |
| Rank Xerox 8 90 FL | 100 | 105 | 105½ | 0 | +0¼ | 6.68 |
| Van Lanschot 7⅛ 90FL | 50 | 102⅝ | 103⅛ | +0⅛ | +0¾ | 6.75 |
| World Bank 7⅛ 90 FL | 150 | 105¼ | 105¾ | +0¼ | +0⅞ | 6.01 |
| IBM France 11⅛ 90 FF | 700 | 99⅜ | 99⅞ | 0 | −0½ | 11.23 |
| Amer Express 11⅜ 92 £ | 30 | *103½ | 104 | −0¼ | −0⅜ | 10.50 |
| Australia Comm 11 92 £ | 40 | 96⅞ | 97⅜ | +0⅛ | −1 | 11.36 |
| BP Capital 10¾ 92 £ | 50 | 98¼ | 98¾ | 0 | −1 | 11.05 |
| E.I.B. 11⅛ 93 £ | 30 | 99⅞ | 100⅜ | −0⅛ | −1⅜ | 11.07 |
| GMAC UK Fin 10½ 90 £ | 30 | 97⅞ | 98⅜ | 0 | −0¼ | 10.97 |
| Imp Chem Inds 11¼ 95 £ | 75 | 99⅞ | 100⅜ | −0⅛ | −1¾ | 11.22 |
| Inco 12¼ 93 £ | 50 | 102⅛ | 102⅝ | 0 | −0⅜ | 12.21 |
| Mcdonalds 10⅞ 90 £ | 40 | 99 | 99½ | −0⅛ | −0¾ | 11.06 |
| Privatbanken 11⅞ 92 £ | 20 | 99⅝ | 100⅛ | 0 | −0¼ | 11.87 |
| Rank Xerox 11 92 £ | 40 | 99¾ | 100¼ | 0 | −0⅞ | 11.10 |
| Royal Trustco 11⅜ 90 £ | 30 | 99¾ | 100¼ | +0⅜ | −0⅜ | 11.53 |
| Ster Drug Cap 10⅞ 90 £ | 30 | 95⅞ | 96⅜ | +0⅛ | −0¾ | 11.88 |
| Tricentrol XW 11 92 £ | 35 | 94 | 94½ | 0 | −0⅜ | 12.27 |
| Trusthouse Forte 11⅛ 90£ | 50 | 99⅝ | 100⅛ | +0⅛ | −1 | 11.41 |
| World Bank 11¼ 95 £ | 100 | 102 | 102½ | 0 | −1¼ | 10.95 |
| E.C.S.C. 10⅜ 94LF | 100 | 103⅝ | 104⅛ | +0⅛ | −0½ | 9.80 |
| Nat Lux Alum 10½ 92 LF | 600 | 104⅞ | 105⅞ | +0⅛ | +0⅛ | 9.42 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Banco di Roma 5¼ 92 | 0 | 98¼ | 98½ | 24/7 | 7.56 | 7.81 |
| BankAmerica O/S 5¼ 99 | 0⅛ | 99⅞ | 100⅜ | 3/9 | 8⅛ | 8.11 |
| Bank of Montreal 5 96 | 0¼ | 100⅝ | 100⅞ | 29/7 | 8¾ | 8.68 |
| Bankers Trust 5 2000 | 0 | 99⅝ | 99⅞ | 11/9 | 7.69 | 7.71 |
| Bankers Trust 5¼ 96 | 0⅛ | 100¼ | 100½ | 13/8 | 8.56 | 8.53 |
| B.F.C.E. 5¼ 98 | 0⅛ | 100¼ | 100½ | 13/9 | 10.06 | 10.02 |
| B.N.P. 5¼ 96 (July) | 0¼ | 100⅛ | 100⅜ | 22/7 | 8⅛ | 8.10 |
| C.C.F. 5¼ 97 | 0 | 99⅞ | 100⅛ | 22/8 | 10⅝ | 10.63 |
| Chase Man'tn 5 2000 | 0 | 98½ | 98¾ | 9/8 | 8⅛ | 8.25 |
| Chase Man'tn 5¼ 2009 | 0⅛ | 99⅞ | 100⅛ | 5/9 | 7.81 | 7.81 |
| Citicorp O/S 5¼ 98 Sep | 0⅛ | 98½ | 98¾ | 19/12 | 11.19 | 11.33 |
| Credit Lyonnais 5¼ 96 | 0⅛ | 100⅛ | 100⅜ | 11/10 | 9.56 | 9.53 |
| Ireland 5¼ 97 | 0 | 100⅛ | 100⅜ | 28/10 | 9.89 | 9.86 |
| Ireland 5¼ 99 | 0 | 100¼ | 100½ | 14/9 | 10 | 9.98 |
| Italy, Republic 5 94 | 0⅛ | 100 | 100¼ | 12/11 | 8⅞ | 8.88 |
| Lloyds Bank 5¼ Perp | 0¼ | 99⅞ | 100⅜ | 9/12 | 8 | 7.99 |
| Midland Bank Perp 5 | 0¼ | 99¾ | 100 | 19/12 | 8⅛ | 8.14 |
| Nat West Perp 5 | 0⅛ | 101 | 101¼ | 15/11 | 9⅛ | 9.02 |
| Nat West Perp A 5¼ S | 0¼ | 94¼ | 94½ | 9/1 | 8¼ | 8.39 |
| Nat West Perp B 5¼ S | 0¼ | 94⅜ | 94⅝ | 3/8 | 5¼ | 5.28 |
| Queensland Coal 5¼ 96 | 0¼ | 100¼ | 100½ | 12/11 | 9 | 8.97 |
| Roy Bk Canada 5 2005 | 0⅛ | †99⅜ | 99⅞ | 5/8 | 7⅞ | 7.90 |
| Roy Bk Scot 5¼ 2005 £ | 0 | 99 | 99¼ | 2/8 | 12.81 | 12.93 |
| Sweden Perp 5¼ | 0¼ | 100 | 100¼ | 9/1 | 8.31 | 8.30 |
| Tokai 5¼ 99 | 0⅛ | 100⅛ | 100⅜ | 12/12 | 8⅛ | 8.10 |

Average price change On day 0 on week +0⅛

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Ajinomoto 3 99 | 4/84 | 1053.64 | 110½ | 111½ | +0⅛ | 8.30 |
| Fanuc 3¾ 98 | 1/84 | 7032.3 | 143⅛ | 146⅛ | −2⅛ | 33.84 |
| Fujitsu 3 99 | 5/84 | 1328.9 | 79 | 79¼ | −1⅜ | 18.28 |
| Kanegafuchi Gumi 3½ 2000 | 3/85 | 800 | 134¾ | 135¾ | −1⅞ | −8.56 |
| Marui 3½ 99 | 7/84 | 1152 | 116⅛ | 117⅛ | 0 | 4.13 |
| Mitsubishi Elec 2¾ 00 | 3/85 | 422 | 91½ | 92½ | −0½ | −0.87 |
| Murata 3½ 99 | 2/84 | 2351.2 | 87⅛ | 88⅛ | −0⅛ | 24.82 |
| Murata 3½ 2000 | 7/84 | 2398 | 86 | 87 | −0½ | 26.38 |
| Nippon Elec 2¾ 2000 | 1/85 | 1295 | 83 | 84 | +0⅛ | 34.71 |
| Nippon Oil Co 3 2000 | 5/85 | 833 | 103⅛ | 104⅛ | +0½ | 6.59 |
| Nippon Oil Co 3¼ 99 | 3/84 | 1052 | 102⅞ | 103⅞ | −0⅜ | 31.68 |
| Olo Elec Ind 3¼ 99 | 10/84 | 805 | 86 | 87 | −0⅜ | 28.77 |
| Orient Leasing 5¼ 96 | 6/83 | 2680 | 84¼ | 85¼ | −3¼ | −5.90 |
| Sekisui House 3 98 | 6/84 | 612 | 127¾ | 128⅝ | +1⅞ | 9.65 |
| Sony Corp 2 2000 | 5/85 | 4578 | 83¾ | 84¾ | −0½ | 1.50 |
| Sumitomo Corp 2⅝ 98 | 5/84 | 593 | †123 | 124 | +0⅛ | 4.92 |
| Taiyo Yuden 3¼ 2000 | 3/85 | 1078 | 89¼ | 91¼ | +0¼ | −2.56 |
| Takeda Riken 3⅛ 2000 | 10/84 | 7653 | †80½ | 81½ | +4 | 42.38 |
| Tokyo Sanyo Elec 3½ 99 | 12/84 | 772 | 88⅛ | 89⅛ | −0⅛ | 3.01 |
| Toshiba Ceramics 3 2000 | 4/85 | 1734.2 | 84⅛ | 85½ | 0 | 8.56 |
| Nippon Oil Co 2⅝ 92 SF | 3/84 | 1052 | †104½ | 105¼ | −1⅞ | 28.41 |
| Nippon Shinpan Co 2 92 SF | 3/84 | 901 | †98¼ | 99½ | −0⅛ | 17.87 |
| Asics 5 92 DM | 12/83 | 520 | 105 | 107 | 0 | 23.85 |
| Sun Realty 6¼ 92 DM | 2/83 | 336 | 269⅞ | 271⅜ | +0⅛ | −3.51 |

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn = current coupon. C.yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

# INTL. COMPANIES & FINANCE

## Li Kashing sells 10% of HK Electric for HK$1bn

BY OUR FINANCIAL STAFF

HUTCHISON WHAMPOA, the Hong Kong trading, shipping and property group controlled by Mr Li Kashing, has sold 10 per cent of Hongkong Electric, the utility company, for just under HK$1.1bn (U.S.$140m) through private placements.

The sale still leaves Mr Li controlling around 24 per cent of Hongkong Electric, which is the monopoly supplier of power on Hong Kong Island.

No official announcement was made by either company yesterday, but Hutchison confirmed the transaction after e day of keen interest in both the Hong Kong and London markets, which left Hongkong Electric shares off 10 cents to close at HK$8.75 in the Colony.

The private placements, arranged through Wardley and Vickers de Costa, consisted of 133.75m HK Electric shares priced at HK$8.20 apiece. This compares with the HK$6.40 a share paid by Mr Li last January, when, in a move that caught the local financial markets completely off-guard, he bought the entire 33.8 per cent stake in HK Electric owned by Hongkong Land for a total of HK$2.98bn. The transection was the biggest corporate sale of assets ever to take place in the Colony.

There has been much subsequent speculation about Mr Li's longer term plans for his HK Electric stake, which he described at the time of the purchase as a "conservative" investment providing "a core of steady income."

Hutchison indicated last night that the extraordinary gain of around HK$240m from the share placement was likely to be used to reduce bank debt.

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## Board reshuffle at Frank B Hall

BY WILLIAM HALL IN NEW YORK

Mr Albert J. Tahmoush has been replaced as chairman and chief executive of Frank B. Hall, the international insurance broker, in a major management reshuffle which strengthens the control of the firm's major shareholder, Mr Saul Steinberg's Reliance Group.

Mr Tahmoush, 64, who has headed the New York-based insurance broker since 1977, has been replaced by Mr John F. McCaffrey, 47, who has been an executive vice-president of Hall since 1979 and a director since 1983. Mr Peter Pruitt, 52, who has been an executive vice-president since 1981, has been appointed president and chief operating officer.

Frank B. Hall has had a chequered financial history. Last week it announced a second-quarter loss of $10.7m following write-offs on its insurance underwriting operations.

As part of the management reshuffle, Mr Steinberg, whose Reliance Group recently took a 20 per cent stake in Hall, has been named chairman of the executive committee while two Reliance executives, Mr George E. Bello and Mr Lowell C. Freiberg have been named to the Hall board, giving Reliance three of the 15 board seats.

Mr Tahmoush, who is resigning from the Hall board, has five years of his employment contract left to run. Mr McCaffrey said that it is planned to place renewed emphasis on Hall's clearly demonstrated strengths in its core insurance brokerage business.

## First-half downturn for Anglo Alpha

By Jim Jones in Johannesburg

LOWER SALES of cement and stone have led to a one-eighth drop in first-half operating income for Anglo-Alpha, the South African arm of Holder-Bank, the Swiss cement group.

Cement sales by volume dropped by 17.8 per cent and aggregate sales were 16.7 per cent lower. Nevertheless, higher prices and better sales by the company's industrial division contributed to a 4.8 per cent increase in first-half turnover to R153.8m ($67.6m) in the six months ended June from R146.6m in the first half of last year.

Operating profits before tax and interest fell by 12.9 per cent to R36.7m from R42.1m and pre-tax profits fell to R25.2m from R38.9m. For all of 1984 turnover totalled R309.1m, operating profits R86.2m and pre-tax profits R78.3m.

Mr Peter Byland, the chairman, says that productivity improvements will not fully counter the effects of lower cement and stone sales and estimates thet earnings this year will be 30 per cent lower than in 1984. First-half earnings dropped to 68.0 cents a share from 69.7 cents and an unchanged interim dividend of 22 cents has been declared.

## JAPANESE COMPANY RESULTS

**DAIKYO OIL**
Oil sales

| Year to | Mar '85 Y | Mar '84 Y |
|---|---|---|
| Revenues (bn) | 1,193 | 1,285 |
| Net profits (bn) | 0.71 | 6.74 |
| Net per share | 5.25 | 49.98 |

CONSOLIDATED

**FUJI BANK**

| Year to | Mar '85 Y | Mar '84 Y |
|---|---|---|
| Revenues (bn) | 2,345 | 1,736 |
| Pre-tax profits (bn) | 147.86 | 155.26 |
| Net profits (bn) | 60.74 | 63.12 |
| Net per share | 27.27 | 28.34 |

CONSOLIDATED

**KAWASAKI KISEN KAISHA**
Liner operator

| Year to | Mar '85 Y | Mar '84 Y |
|---|---|---|
| Revenues (bn) | 470.64 | 416.56 |
| Net profits (bn) | 4.80 | 2.37 |
| Net per share | 9.86 | 4.97 |

CONSOLIDATED

**KOBE STEEL**

| Year to | Mar '85 Y | Mar '84 Y |
|---|---|---|
| Revenues (bn) | 1,298 | 1,293 |
| Pre-tax profits (bn) | 22.88 | †9.84 |
| Net profits (bn) | 10.41 | †8.70 |
| Net per share | 5.13 | †4.29 |

CONSOLIDATED

**MARUZEN OIL**
Oil sales

| Year to | Mar '85 Y | Mar '84 Y |
|---|---|---|
| Revenues (bn) | 1,649 | 1,690 |
| Pre-tax profits (bn) | †8.71 | 3.98 |
| Net profits (bn) | 24.98 | 29.73 |
| Net per share | 60.88 | 72.61 |

CONSOLIDATED

**MATSUSHITA ELECTRIC IND.**
Electric appliances

| Six months to | May '85 Y | May '84 Y |
|---|---|---|
| Revenues (bn) | 2,491.4 | 2,236.0 |
| Net profits (bn) | 127.6 | 108.7 |
| Net per share | 70.03 | 62.36 |

CONSOLIDATED

**MEIJA SEIKA KAISHA**
Confectionery, pharmaceuticals

| Year to | Mar '85 Y | Mar '84 Y |
|---|---|---|
| Revenues (bn) | 306.98 | 310.18 |
| Pre-tax profits (bn) | 5.93 | 10.11 |
| Net profits (bn) | 3.88 | 4.81 |
| Net per share | 9.94 | 14.55 |

CONSOLIDATED

**MINOLTA CAMERA**

| Year to | Mar '85 Y | Mar '84 Y |
|---|---|---|
| Revenues (bn) | 244.85 | 213.88 |
| Net profits (bn) | 6.79 | 4.39 |
| Net per share | 36.41 | 23.76 |

CONSOLIDATED

**NIPPON KOGAKU**
Nikon cameras

| Year to | Mar '85 Y | Mar '84 Y |
|---|---|---|
| Revenues (bn) | 220.37 | 171.51 |
| Net profits (bn) | 7.53 | 3.85 |
| Net per share | 28.65 | 19.70 |

**NIPPON KOKAN**
Crude steel

| Year to | Mar '85 Y | Mar '84 Y |
|---|---|---|
| Revenues (bn) | 1,535 | 1,409 |
| Pre-tax profits (bn) | 37.41 | †10.22 |
| Net profits (bn) | 19.05 | †10.34 |
| Net per share | 8.07 | †3.31 |

CONSOLIDATED

**NIPPON OIL CO.**
Oil refining and distribution

| Year to | Mar '85 Y | Mar '84 Y |
|---|---|---|
| Revenues (bn) | 3,647 | 3,844 |
| Pre-tax profits (bn) | 26.86 | 32.14 |
| Net profits (bn) | 12.60 | 14.84 |
| Net per share | 13.45 | 16.18 |

CONSOLIDATED

**NISSHIN STEEL CO.**
Blast furnace steelmaker

| Year to | Mar '85 Y | Mar '84 Y |
|---|---|---|
| Revenues (bn) | 409.25 | 384.71 |
| Net profits (bn) | 8.16 | 1.96 |
| Net per share | 10.09 | 2.44 |

CONSOLIDATED

**SUMITOMO ELECTRIC**
Wires and cables

| Year to | Mar '85 Y | Mar '84 Y |
|---|---|---|
| Revenues (bn) | 673.03 | 586.16 |
| Pre-tax profits (bn) | 29.84 | 22.65 |
| Net profits (bn) | 14.14 | 11.61 |
| Net per share | 22.25 | 18.61 |

CONSOLIDATED

**SUMITOMO HEAVY INDS.**
Heavy machinery

| Year to | Mar '85 Y | Mar '84 Y |
|---|---|---|
| Revenues (bn) | 341.1 | 334.5 |
| Pre-tax profits (bn) | 1.73 | 7.39 |
| Net profits (bn) | 0.71 | 6.13 |
| Net per share | 1.49 | 13.02 |

CONSOLIDATED

**SUMITOMO METAL INDS.**
Crude steel

| Year to | Mar '85 Y | Mar '84 Y |
|---|---|---|
| Revenues (bn) | 1,298 | 1,183 |
| Pre-tax profits (bn) | 41.45 | †6.80 |
| Net profits (bn) | 25.40 | †9.68 |
| Net per share | 9.85 | 13.72 |

CONSOLIDATED

**TOKYO ELECTRIC CO.**
Cash registers

| Year to | Mar '85 Y | Mar '84 Y |
|---|---|---|
| Revenues (bn) | 220.26 | 181.87 |
| Net profits (bn) | 5.54 | 4.79 |
| Net per share | 36.87 | 35.57 |

CONSOLIDATED

**TOKYU CORPN.**
Real estate, transport

| Year to | Mar '85 Y | Mar '84 Y |
|---|---|---|
| Revenues (bn) | 283.64 | 265.78 |
| Net profits (bn) | 8.92 | 5.04 |
| Net per share | 8.98 | 7.23 |

CONSOLIDATED

† Loss







### AIBD BOND INDICES

WEEKLY EUROBOND GUIDE AUGUST 6 1985

| | Redemption Yield | Change on Week % | 12 Months High | 12 Months Low |
|---|---|---|---|---|
| US Doller | 10.826 | 0.160 | 13.344 | 10.629 |
| Canadian Dollar | 11.822 | −0.183 | 13.988 | 11.708 |
| Euroguilder | 6.847 | −0.945 | 7.897 | 6.658 |
| Euro Currency Unit | 9.230 | −0.800 | 11.325 | 9.230 |
| Sterling | 10.928 | 0.299 | 12.197 | 10.809 |
| Deutschemark | 7.086 | −0.533 | 8.375 | 7.086 |

Bank J. Vontobel & Co Ltd, Zurich – Telex: 812744 JVZ CH

# GKN's accounting change upsets the City

Guest, Keen & Nettlefolds' shares were marked down 10p to 210p yesterday as the City reacted to a change in the group's treatment of exchange rates.

A switch from using period-end rates to average rates added $4.4m to GKN's interim profits which, up from £61.2m to £70.5m pre-tax, were at the lower end of City expectations.

The results, released with details of a proposed joint venture with the British Steel Corporation, largely reflected a record six months contribution from North America, which was struck using an average exchange rate of $1.20 compared with a period-end rate of $1.36.

"Strong demand in the North American passenger car market benefited not only our U.S., Continental European and UK manufacturing operations but also the exports of European vehicle builders who are our customers—particularly in West Germany," said Sir Trevor Holdsworth, the chairman.

North American trading profits rose by £8m to £28m over the first six months of 1985 and accounted for an increased 33 per cent share, against 27 per cent, of the group total of £86m.

In addition, "there were better resutls in the UK where progress was made in most of eur business areas," said Sir Trevor who edded "our Continental European operations continned their strong performance.."

Trading margins in the UK improved by nearly half a point with a £21m increase to £557m in sales producing e £3m rise to £20m in profits. There was an "improved performance by increased efficiency" in UK operatiens supplying components to the weak commercial vehicle and agricultural tractor markets, the chairman said.

This was also the case in Continental European activities, he said and added that there were good results in the sintered powdered metal business, which supplies parts to the automotive and other industries.

Another highlight, be said, inclnded a further strong performance by the U.S. autoparts distribution business, particularly in the imported parts sector where "the first benefits of synergy are being achieved following the purchase of Beck/Arnley in 1984."

There was also a further improvement—based on rationalisation of recent acquisitions—in the autoparts distributien business in the UK and a higher £5.6m contribution, against £3.2m, from related companies.

Sir Trevor alse highlighted the "achievements towards our longer-term strategic objectives." GKN Defence Operations recently secured a full contract for just over 1,000 tracked armoured personnel carriers with a sales value of £500m for the British Army.

"With the already successful production of the Saxon wheeled armoured personnel carriers, we now have a firm base from which to extend our interests in this market, and in particular to exploit the potential for everseas sales," he said.

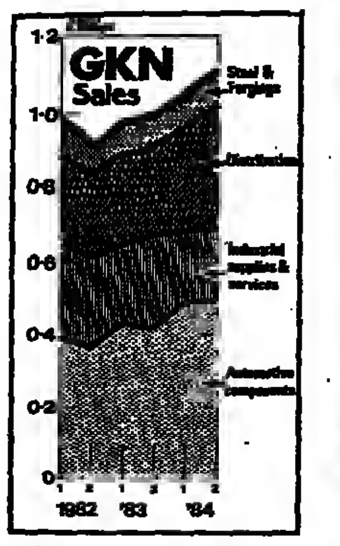
Last month the production plant for the new glass fibre reinforced composite leaf springs was commissioned and the product, with its high ratio of strength to weight, "continues to attract considerable interest from the international commercial vehicle industry."

Total group sales for the first half of 1985 advanced from £1.06bn to £1.16bn, producing a higher operating profit of £123.5m compared with £110.3m. While redundancy costs in ongoing activities were unchanged at £2.5m the interest charge rose by £4.7m to £22.5m.

Shareholders in GKN which is one of the UK's largest engineering companies and e constituent of the FT 30 Share Index, benefit through a 12.5 per cent increase to 4.5p in the interim dividend.

The payment is covered threefold by higher earnings per share of 13.7p, up from 11.3p, which were struck after tax of £031.6m (£30.9m) and minorities of £6.3m (£5.3m).

See Lex




Sir Trevor Holdsworth, the chairman, reported a 15 per cent profits improvement

# J. Crowther and Carpets Intl. close to deal

By David Goodhart

John Crowther, the Huddersfield-based textile company, is poised to acquire Carpets International (UK), the loss-making carpet group with a turnover nearly six times greater than Crowther.

CI — whose share price was suspended yesterday at 61.5p — achieved a turnover to the end of December 1984 of £73m and registered its first profit (of £1.42m) in four years. However, CI (UK) — which excludes its interests in the U.S., Australia and the Far East — incurred a loss of £½m on a turnover of £60m last year.

Discussions will continue between the boards of the companies fer another two weeks en the exact details of the deal — expected to be a mixture of cash and shares. The CI (UK) interests are principally involved in the manufacture of Kosset, Gilt Edge and Crossley carpets.

John Crowther, whose shares were suspended at 67p, also announced it was talking to Mr Michael Abrahams, owner of the £16m turnover Weavercraft Carpets of Bradford, about a possible acquisition.

The Huddersfield company said yesterday: "If these acquisitions are completed Crowther believes it will be an exciting extension of its own eperations and will form the basis of a new carpet group which will benefit the companies involved as well as the carpet industry in general."

John Crowther's performance has improved radically in the last two years. Having made a loss ef just under £1m on a turnover of £3.8m in 1980, it returned a pre-tax profit of £373,000 on a turnover of £10.87m in 1984.

It's chief concern is the manufacturer of woollen fabrics but three years ago it moved into the production of carpet yarns in a small way. Weavercraft's main business is woven Axminster carpets.

# Securicor's midway profits up 11% and further growth seen

Securicor Group increased pre-tax profits by 11.2 per cent for the six months ended March 31 1985, while Security Services, the group's 50.77 per cent owned separately listed subsidiary, lifted its taxable figure by 9.3 per cent.

Mr Peter Smith, group chairman, says that current trading indications suggest that the remainder of the year will show further progess and the directors continue to view the future with confidence.

On six months' turnover of £149.84m (£140.12m) for the group, pre-tax figure rose from £5.86m to £6.51m, while Security profits amounted to £5.16m (£4.72m). Turnover for the subsidiary was £131.86m, against £122.2m.

After tax of £2.95m (£2.66m) group earnings per share are shown as 4.6p (same) with Security at 4.9p (5.1p) on capital increased by last year's rights issue. The respective interim dividends are 0.539p (0.49p) and 1.1p (1p) per share—last year's totals were 1.59p and 2.99p.

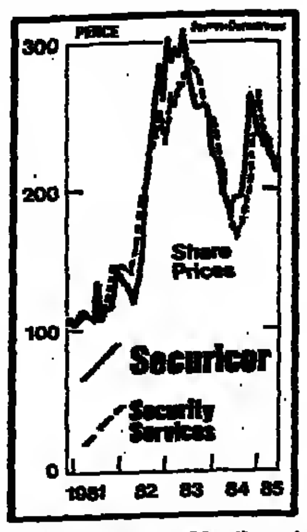
Also proposed are capitalisation issues on both Securicor and Security. The group scrip is on the basis of four "A" erdinary non-voting shares for every five ordinary and/or "A" ordinary (non-voting) shares, while the Security scrip is on a three ordinary for every four basis.

Gronp pre-tax profits were split as to: security, communications and parcels (Security Services) £4.31m (£4.23m) — UK contribnted £3.29m (£3.26m) and overseas £1.03m (£973,000) — finance, investments and insurance £1.62m (£1.02m), property, botals, and vehicle divisien £577,000 (£604,000).

Mr Smith says the group's expanding UK parcels and freight services made "particularly good progress." However, the cash carrying activities experienced difficult conditions, including an exceptional increase in attacks on group vehicles. This resulted in a substantial rise in insurance and ether associated costs, the chairman states.

The group's joint enterprise with British Telecom, which trades as Cellnet, achieved progress in excess of original expectations, Mr Smith says. He adds that the group's equity and loan participation in the joint company is within the budget announced et the time of its incorporation.

Overseas trading, together with the group's ether diversified activities, maintained satisfactory progress, Mr Smith points out, "usually in highly competitive environments."




The chairman adds that the balance sheets of both Securicor and Security remain strong.

Securicor's minority interests took £1.35m (£1.34m) from profits leaving an attributable balance of £2.22m, compared with £1.95m.

## ● comment

These are solid but not very exciting figures from Securicor as the group continues its shift away from mature sectors into pastures new. A man in navy blue guarding factories or moving cash around is not the image Cecuricor now wants to cultivate. The Australians, prominent in the cash-in-transit market worldwide, are not just there to play cricket — Mayne Nickless now own Security Express. However, servicing automatic cash dispensers (including a laundry to provide crisp, flat feels-just-like-new notes for the voracious machines) is providing something of an extension to the life of this area. The future promise for the group lies in its cellular radio business. At the moment Cellnet is only contributing via the balance sheet as the investment is being capitalised for the first two years but as one of only two licenced operators of such a network the potential has to be highly rated. What is coming through at present are losses on sales of the cellular radio phones. Start-up costs are now finished with and the second half losses being made in the Air Courier Service. For the full year the market is looking for £14.5m but the shares, down 8p to 210p, look likely to continue moving narrowly in the 200-250p range until Cellnet comes through.

# Norwest Holst confident as plans come to fruition

Norwest Holst Group, the unquoted civil engineer, is looking forward to reaping the benefits in the present year of the restructuring and revitalising of the company over the past five years.

The chairman, Mr Philip Newbould, says in his comments on the results for the year ended March 31, 1985 that the company is in better shape than ever before and thet there are a number of exciting possibilities which are being investigated.

For the year, Nerwest reports a fall in turnover of £14m to £221.84m, but pre-tax profits improved by almost three times to £6.11m (£2.3m). However because of the sale of some peripheral activities the 1984 figures are not fully comparable.

Cash flow resources were used to generate assets which was now bearing fruit in both trading profits and asset base, Mr Newbould says. It is anticipated that there will be similar success from the group's service companies in insurance and compnters.

He says that in the mainstream construction and civil engineering activities, the company was getting its fair share of the work available and performing better than most, even in a marketplace which showed limited signs of improvement.

"We are particulraly pleased with the specialist contracting companies which have performed well in relation to their bndget expectatiens and they will undoubtedly play a major part in eur future success."

On the plans to rejoin the stock market he says that it is too early to say more than that it is under active consideration.

## Sidney Banks advances by 42%

Sidney C. Banks, the Bedfordshire-based agricultural merchant, saw turnover increase by £23m to £123m in the year te the end of April 1985. Pre-tax profits improved by 42 per cent to £1.94m (£1.37m).

Tax took £828,000 (£536,000) leaving earnings per share at 33.8p, compared with 26.5p for the previeus year. The final payment is raised from 5.25p to 6.75p, making a total for the year 10p (8p).

The directors say that although harvesting has not progressed sufficiently for an accurate assessment it is expected that the 1985 cereal crop will be large but not reaching the

# Early success for Britoil offer

BY LUCY KELLAWAY

The offer for sale of the Government's 49 per cent stake in Britoil, which closes at 10 am today, was last night showing early signs of success.

Mr Marcus Agius of Lazards, sponsors to the issue, confirmed yesterday that the offer was going well. However, he said that "Indications at this stage in the British Aerospace issue were so different from the outcome, that I would be foolish to make a guess."

Since the issne was priced, sterling has fallen nearly 10 cents against the dollar. This has the effect of adding back much of the £5m which was shaved off the estimate contained in pathfinder to arrive at the £185m figure quoted in the prospectus.

Mr Agius said that the revision, which had bean prompted by the rising pound, had focused the market's attention on the exchange rate, and that the recent weakening of sterling was bound to be helpful te the issue.

The fall in the pound has also triggered heavy U.S. buying of Britoil shares over the past few days as the price has slipped below the $3 mark. "The Americans are buying Britoil hand over fist," said one broker.

Applications from UK institutions and from overseas investors, for whom a total of 60 per cent of the issue has been earmarked, have had to be scaled down. Many of the disappointed UK institutions are expected to apply for further shares in the remaining chunk on offer to the public, which is alse likely to attract considerable interest from private investors.

Britoil shares closed last night at 220p, a 19 per cent premium to the 185p issue price, compared to a 10 per cent premium when the price was set. The market's latest guess is that dealings in the shares may start at a premium of between 20p and 25p.

# Development plans for Parrish

BY ANDREW ARENDS

J. & T. Parrish the Newcastle-based property group is inviting a group of investors, led by Mr Keith Hughsdon, fermer deputy chairman of Mercantile House, to join the board.

Mr Hughsdon and Mr Peter Bainbridge former executive of Mercantile House, in concert with Spedley Securities an Australian financial group, yesterday announced that they bad increased their stake in the compny to 29.8 per cent worth round £900,000.

Mr Hughsdon said yesterday that the bulk of the shares had been ecquired from members of the Parrish family wbe remain the majority shareholders.

He said that the intention of his group was to use Parrish as a "shell" company, and develop it as a property and financial services group.

Parrish, which was originally a family-owned department store in Newcastle, bad been in the process of being scaled down. The store had now closed and the company's main asset was the site itself which was valued at around £2m.

He added that there was no intention to launch a full hid for the remainder of Parrish's share capital at this stage.

Last night Parrish shares closed 13 higher at 432p.

# SNIT rejects bid by Throgmorton and proposes unitisation

BY MARTIN DICKSON

**Scottish Northern Investment Trust (SNIT)** yesterday rejected the £115m takeover bid from **Throgmorton Trust**. It instead proposed that it be unitised under the management of Murray Johnstone, a leading Scottish fund manager.

Simultaneously, Murray Johnstone and certain of its investment trusts bought 14.9 per cent of SNIT's ordinary shares.

SNIT's directors said they believed their proposals would give shareholders a valuetion exceeding that being offered by London-based Throgmorton. They gave no figures, but said further details would be circulated as soon as possible.

The proposals, which would keep management of the trust in Scotland, involve the transfer of SNIT's qunted net assets to four unit Trusts—Murray American Fund, Murray European Fund, Murray Equity Income Fund and Murray Far Eastern Fund.

SNIT's unquoted portfolio would be sold before unitsation.

SNIT, like Throgmorton, specialises in smaller companies and had net assets of sbout £127m at March 31, its year end.

Throgmorton's offer, launched last month ,is part share, part cash to be priced according to a formula relating to the net asset value of both companies on the day the offer goes unconditional. On the basis of estimates, prepared on the eve of the bid announcement, the offer would value each SNIT ordinary et about 150p and its total share capital at £115m.

Shares in SNIT closed last night at 152p, up 4p on the day.

# Roman Corp. participating in buyout of BAT offshoot

**Roman Corporation**, a Toronto-based holding company through which entrepreneur Mr Stephen Roman controls Denison Mines, will be major participant in the leveraged buyout of the packaging and printing division of **BAT Industries**.

Roman said it planned to take a 49 per cent stake in a new corporation, Lawson Mardon Group (LMG), formed to buy all the shares of Mardon Packaging International, the BAT division, which includes Lawson M. Jones in Canada.

The company plans to invest about £38m in a debt equity pack age in LMG, with the deal due to close in September, and Mr Roman himself would become chairman.

Senior management of the BAT packaging division announced the buyout last week for e total of £172.5m. Mr Lawrence Tap will become president of LMG and about 20 per cent of the stock will be held by senior management which has moved over from the BAT division. Another minnrity position wil be held by the Lawson family of Lawson M. Jones.

## COMPANY NEWS IN BRIEF

**W. & J. TOD**, the subsidiary of C. H. Beazer which was floated on the USM last year, had its shares suspended yesterday at 122p after they had jumped 7p, pending the announcement today of an acquisition along with results for the year ended June 30 1985.

**BRITISH TELECOM** has taken a majority stake in Program Express, the pioneers of electronic distribntion of computer software; based in Edinburgh. Telecom will provide finance for the company which will continue to be run by its three present directors.

**YEARLING** bonds totalling £2.5m at 11 per cent redeemable on August 13 1986, have been issued this week by the following local authorities. Shepway District Council £0.5m: Banff & Buchan DC £0.25m: Carlisle (City of) £0.5m: Restmorel Borough Council £0.25m: Sheffield (City of) £1m.

**English China Clays** has increased its stake in Wetts, Blake, Bearne and Company, china clay processor, to 21 per cent by buying 450,000 shares at 205.375p. English China has repeated its intention not to seek participation in the management of Wstts or representation on the board.

**ASSOCIATED NEWSPAPER Holdings** has acquired a controlling interest in Ticketmaster (UK), tha computerised ticket company which was formed three years ago and is sucessfully established in London's entertainment market. Previously tha company was owned equally by Associated Tickex Corporetion of Canada and Investors in Industry. Mr R. M. Shields the managing director of Associated is the new chairman of Ticketmaster.

**HAMBRO TRUST** revenue came through ahead from £950,000 to £1.08m for the year ended June 30 1985, after tax of £471,000 (£407,000). Earnings per share are shown as 12.45p (10p) on ordinary activities profits, and 17.16p (18.01p) after investment gains. The dividend is lifted to 6.98p (6.11p) with a final payment of 4.83p (4.52p).

**United Transport International** has completed the contract to purchase for £3.5m cash the specialist road tanker company Hargreaves Transport from the Hargreaves Group. The consideration includes £1.5m in repayment of an outstanding company debt to Hargreaves Group. United Transport is a wholly-owned subsidiary of BET.

**Kingsley and Forester Group** has subscribed £200,000 in cash for 80 per cent of a new company to be called Bloom and Treymaine. The remainder of the issued share capital has been subscribed by Mr P. Bloom (10 per cent) and Mr M. Treymaine (10 per cent). Bloom and Treymaine has acquired certain of the assets of the household textiles cash and carry and wholesaling business of a private company previously run by Mr Bloom and Mr Treymaine. The consideration for these assets amounted to £486,634, which was paid in cash on completion. Bloom and Treymaine also paid a further £34,000 in cash in respect of goodwill, and s further amount — not exceeding £66,000 — will be payabla dependent on net pre-tax profits from October 1, 1985 to September 30, 1986, calculated at the rate of £1,000 for each £2,000 of such net profits.

## DIVIDENDS ANNOUNCED

| | Current paymant | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Ayshire Metal ......... int | 1 | — | nil | — | 0.5 |
| Sidney C. Banks ......... | 6.75 | — | 5.25 | 10 | 8 |
| Guest, Keen ............ int | 4.5 | Nov 13 | 4 | — | 10.5 |
| Porter Chadburn ......... | 1.05¶ | — | 0.35 | 1.05¶ | 0.35 |
| Property Security ...... | 1.5 | Oct 1 | 1.5 | 2.5 | 2.25 |
| Securicor Group ... int | 0.54† | Sept 30 | 0.49 | — | 1.59 |
| Security Services ... int | 1.1† | Sept 30 | 1 | — | 2.98 |
| TR London ................. | 1.13 | Aug 30 | 0.88 | 3.45 | 2.9 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For 64 weeks.



# Midland Bank integrates Crocker

**Midland Bank** yesterday announced a restructuring of its U.S. interests following its recent acquisition of 100 per cent of Crocker National Bank, its Californian subsidiary.

All the group's domestic and multinational wholesale business in the country will be managed from the U.S. by Mr Frank Cahouet, chairman and chief executive of Crocker. He will become Midland's senior executive officer in the U.S. and a member of its group executive committee.

Crocker's overseas offices will be integrated with Midland and run as part of the bank's international division under Mr Herve de Carmoy, the chief executive on the international side.

Crocker and Midland will retain, however, their respective branches in London and New York.

Crocker's international capital markets business will be managed by Samuel Montagu, the merchant bank, which Midland now wholly owns. Crocker's treasury operations will be coordinated within the Midland group under Mr Ernst Brutsche, who heads tha treasury division in London.

The restructuring means that Crocker becomes principally a U.S. domestic bank, with Midland taking over its international operations. However, Midland says this does not mark e diminution in the role of Mr Cahouet, as he takes over responsibility for Midland's other operations in the U.S.

The restructuring was devised by Mr John Brooks, the deputy group chief executive, who has responsibility for merging Crocker into the Midland group.

Trinkaus und Burkhardt, Midland's German subsidiary, is also to be more tightly integrated. Mr Herbert Jacobi, chaeanir ofhtm ... chairman of the managing partners will join the boards of Crocker and Samuel Montagu, and help Mr Cahouet with group strategy in the U.S. for multinational business. Mr Jacobi is e former executive vice-president of Chase Manhattan Bank.

Mr Jeffrey Morby, a vice-chairman of Crocker, will continue to be responsible for Crocker's wholesale activities in the U.S. Mr Richard Rosenberg, also vice-chairman, will continue to direct Crocker's consumer and middle market banking activities in California.

These moves mark the general direction of Crocker's integration and further steps will be announced in time. They will include a decision on how to treat Crocker's existing international loan book, which eccounts for a large portion of the Midland Group's exposure to Latin America.

# Security Centres board inconsistent says ASH

**Security Centres Holdings**, an electronic security group fighting off an £18m all-share bid from **Automated Security (Holdings)** (ASH), one of its rivals, was last night sccused of lacking a consistent management strategy, or direction.

In the offer document posted to shareholders yesterday, ASH details what it describes as the inconsistencies of the Security Centres board. Mr Tom Buffet, ASH's Canadian born chairman said yesterday that Security Centres was too small to exist on its own.

ASH is offering five of its shares for six Security Centres shares, or a cash alternative of 112.5p per share. Last night ASH shares slipped 4p to close at 140p, valuing the bid at 116p per share while Security Centres was unchanged at 115p per share.

ASH and Security Centres are currently engaged in a legal battle stemming from an earlier attempt to merge Security Centres's UK alarms business with that of ASH.

Large shareholders in Security Centres are Aitken Hume International, the banking and fund management group, which holds 10.1 per cent, and the Kuwait Investment Office with just under 15 per cent. The first closing date is on August 28.

# McCorquodale questions Clay's profit figures

THE SHARE prices of **Richard Clay**, the bookprinter, and **McCorquodale**, the specialist and security printer, closed the same at 150p yesterday after a day of sniping over McCorquodale's £12.1m contested bid.

Clay rose 1p and McCorquodale rose 5p. McCorquodale's offer of 10 shares for 11 Clay's values each Clay shares at 136p.

Challenging Clay's recent defence document, McCorquodala said that its interim profit figures of £992,000 did not mention that "the 1984 figures include losses from the Singapore venture, which was discontinned in the antumn of 1984."

The company also questioned whether Clay's freehold properties should be valned on the basis of depreciated replacement cost rather than its own more prudent npen market value basis.

Mr Charles Birchall, chairman of Clay, replied that the attempt to stampede Clay's shareholders intn accepting the bid with a strident circular simply nnderlined the weakness of McCorquodale's case.

Tomorrow is the first closing date for the offer and McCorquodale has threatened that the cash alternative of 130p a share may not be extended thereafter. Clays say that accepting the offer would result in a 13.6 per cent decrease in income.

# UK COMPANY NEWS

## Porter Chadburn reduces deficit

IN SPITE of distribution costs rising from £82,000 to £174,000 and administration expenses increasing from £1.29m to £1.57m, **Porter Chadburn** managed to reduce its losses from £157,000 to £63,000 at the pre-tax level in the 64 weeks to March 31 1985.

The dividend for the previous 12 months was 0.35p net, but the directors are now declaring a payment of 1.05p.

Turnover of this manufacturer of brewery and marine engineering equipment was up from £12.85m to £16.57m but the cost of sales was higher at £14.72m compared with £11.39m.

The directors say that since April 1984, considerable attention has been given to the management and control of the group's current assets. The structure of the balance sheet at the period end reflects the success of this control, with bank borrowing having been eliminated. Attention to current asset management continues, particularly on stock levels in Porter-Lancastrian in the food and drink equipment division.

Since the year-end, gearing has increased due to the acquisition on April 30 1985 of Petrocon O.D.S. (ODS) for £1.3m cash.

The pre-tax loss included interest receivable this time of £30,000, but was after interest payable of £150,000 (£235,000) and exceptional expenses of £83,000 (£30,000). Tax took £23,000 (£7,000), leaving an attributable loss of £86,000 (£164,000). After extraordinary debits of £237,000, the loss per 20p share was 2.03p for the 64 weeks against 5.18p in the previous 12 months.

The extraordinary item of £236,638 consists of £43,188 acquisition and other costs, and £193,450 losses on stock disposals arising directly as a result of the rationalisation programme being implemented at Porter-Lancastrian.

The group's net debt to shareholders' funds, which was 15 per cent at the period end, has risen as a result of the acquisition of ODS, but it is expected to be substantially reduced once again by the year-end.

The board expects to see the company return to a satisfactory level of profit in the current year, together with a continued strengthening of the balance sheet.

# Kunick bids £6.75m to expand leisure interests

BY ARTHUR SANDLES

**Kunick Leisure**, the fast growing theme park and entertainments group in which Sun Hotels International has a substantial minority holding, has made an agreed bid for **Allied Entertainments**, the show business company which yesterday reported profits to end February of £496,000. The bid values Allied at £6.75m.

Allied has extensive activities in pop music concerts and was responsible for the recent successful tour of the UK by Bruce Springsteen. It has a film, TV and music distribution operation, runs a hotel entertainment television channel and is active in sport sponsorship co-ordination.

Kunick, whose founder chairman was Sir Fred Pontin, operates in theme parks, owns the London Dungeon and is active in the field of entertainment centres and discotheques. Sir Fred is now deputy chairman and Mr David Hudd is chairman and chief executive.

It was only four months ago that Kunick raised £9.6m by the issue of shares to Sun Hotels International, a UK based company controlled by Kersaf, a South African group itself a

Sir Fred Pontin, founder and vice-chairman of Kunick Leisure

subsidiary of Safmarine and Rennies Holdings. After the deal with Allied, Sun Hotels International's holdings in Kunick will be diluted from 40 per cent to 34 per cent.

The offer gives five 10p Kunick shares for every two £1 Allied shares or a cash alternative of 112.5p in cash for each Allied share.

Allied directors have given irrevocable undertakings to accept the offer. These undertakings represent 71.7 per cent of the voting stock. They have promised not to accept the cash alternative in respect of 2.9m Allied shares, some 60.8 per cent of the voting rights.

Full implementation of the offer will involve the issue of nearly 12m Kunick shares, or 15.8 per cent of the enlarged issued stock. The shares of both Kunick and Allied are dealt in under Rule 535.2.

Mr Ed Simons, joint managing director of Allied, said last night that the catalyst for the deal was Allied's exclusive option to develop a leisure complex in London's dockland. The £100m-plus scheme which will include an hotel, shopping and restaurant facilities as well as other attractions, will be developed and managed, but not totally owned by the expanded Kunick group.

## First half upsurge for Ayrshire Metal

The upsurge in profits experienced in the second half of 1984 has continued during the first six months of the current year at light engineering and steel fabrication concern, **Ayrshire Metal Products**.

For the 24weeks ended June 14 1985 on sales up from £6.99m to £9.01m, taxable profits amounted to £426,000. This is compared with a near breakeven £2,000 previously. The company also returns to the interim dividend list with a 1p distribution last year's single final payment was 0.5p.

The company finished 1984 with a taxable surplus of £338,000 compared with £56,000 which included other operating income of £235,000.

The directors state that in the second half of the current year and revenue nature to cater for the company plans an increase in expenditure in both a capital an expected rising demand for products although it is unlikely that any benefits will arise in 1985.

They add that bearing this in mind Ayrshire should otherwise see a continuation of present profitability if its major markets remain at their present levels.

Commenting on the first six months' results the directors say that the Daventry operation saw a stable demand in the industrial buildings market for Purlin products which was then complemented by "significant growth" in Cladding products. This resulted in a 43 per cent increase in turnover overall.

The overseas selling subsidiaries incurred further losses, in France, directors explain, because of continuing reorganisation and in Germany because of a slow pick-up after a bad winter.

At Irvine, there was a steady demand for products. St Helens had a slow start to the year although order intake is showing an improvement the directors state.

Tax for the six months took £192,000 (nil) and after the dividend £50,000 (nil) there was £184,000 (£2,000) retained. Earnings per share are given as 4.7p.

## Dealing profits help push Property Security to £4.7m

A NEAR £700,000 advance in pre-tax profit has been achieved by **Property Security Investment Trust** in the year ended March 31 1985, with dealing profits doubled.

Interest rates rose considerably towards the end of the year, but the extra cost was met by the realisation of further dealing profits.

Profit for the year rose from £4.04m to £4.73m pre-tax and comprised net property income £5.82m (£5.37m)—rents received from investment properties £6.46m (£5.76m) less outgoing £643,000 (£389,000)—investment income £2.02m (£1.6m) and dealing profit £1.19m (£558,000). Interest payable was up to £3.99m (£3.23m).

The directors believe that, given the restriction of demand and the high real interest rates, the results over recent years have justified the balance struck between speculative and pre-let developments to provide steady growth without over exposure.

Now the abolition of development land taxes makes projects on the company's own land once again viable, encouraging the undertaking of a higher level of speculative development. In particular the effect on the industrial land at Basingstoke has been instantaneous, where the company can consider starting speculative developments without pre-lets.

Government securities and bonds both at home and in the U.S. continued to provide additional investment income and dealing profits, which have been particularly useful in offsetting the rise in interest costs. All interest, except for £69,000 in a subsidiary, was written off against revenue.

After tax £490,000 (£378,000) the net profit for the year comes to £4.24m (£3.67m), equal to 7.44p (6.4p) per share. The dividend is lifted to 2.5p net, from 2.25p, with a final of 1.5p.

There are extraordinary credits of £1.4m (£559,000) arising principally on the sale of a small subsidiary.

Investment properties have again been revalued and are included in the balance sheet. Allowing for market value of dealing properties and quoted securities, net asset value per ordinary share at March 31 was 185p.

## TR London expands and beats dividend forecast

A FOURTH quarterly dividend of 1.125p from **TR City of London Trust** raises the total for the year ended June 30 1985 from 2.9p to 3.45p, and beats the minimum of 3.1p forecast.

For the current year the directors feel that revenue prospects are favourable, and promise a dividend of at least 3.9p starting with a first quarterly of 0.975p in November.

At June 30 the net asset value per deferred stock, after prior charges at effective redemption values, stood at 105p, against 84.3p a year earlier.

Towards the end of the financial year all the company's South African holdings were sold because the average yield was not considered sufficient to compensate for the uncertain outlook. Sale proceeds of some £1.6m were reinvested and the portfolio is now split 89.6 per cent UK and 10.4 per cent U.S.

Total revenue in 1984-85 moved up from £4.99m to £6.29m. Debenture interest cost £690,000 (£135,000) reflecting the first full year's servicing, management expenses came to £432,000 (£337.00) and the tax charge was £1.61m (£1.38m). This left net revenue at £3.56m (£3.03m).

The directors say that UK economic growth is expected to increase by 3 per cent to 3½ per cent in 1985 helped by the end of the miners' strike. As most leading companies derive a substantial proportion of profits from exports and overseas subsidiaries, any sustained strength of sterling will adversely affect corporate profits.

## Clogau appoints new chairman

Clogau Gold Mines has appointed a chairman and deputy chairman following the resignations announced earlier this week of Lord King of Wartnaby, the previous chairman, and Mr Charles Wyatt, managing director.

The new chairman is Mr D. R. Gascoigne, who is also chairman of the Magnet Metals group and Great Victoria Gold, the two Australian companies which have substantial holdings in Clogau.

Mr W. G. Fossick becomes deputy chairman. He is a director of British Empire Securities and General Trust which is also a substantial shareholder of Clogau.

The latter company is hoping that exploration results will justify the resumption of mining operations at the old Clogau St David's gold mine in Gwynedd, north Wales. Its shares were launched on the Unlisted Securities Market in June last year.

## BOARD MEETINGS

TODAY

Interims: Oaules and Metcalfe, F & C Enterprise Trust, Hoywood Williams, Investment Trust of Guernsey, John I. Jacobs, Law Debenture, Noble and Lund, Royal Dutch Petroleum, Shell Transport and Trading, Smith and Nephew, TI.

Finals: Dee Corporation, G. M. Firth, Gnome Photographic Products, William Jackson, M.S. International, Mid Wynd International Investment Trust, Scottish English and European Textiles, Yorkshire Chemicals.

FUTURE DATES

Interims—

| | |
|---|---|
| Anglo American Gold Invest. | Aug 30 |
| Blue Circle Industries | Aug 29 |
| Cookson | Sept 5 |
| Edinburgh Oil and Gas | Aug 27 |
| First Scottish American Trust | Aug 27 |
| Hickson International | Aug 18 |
| Inchcape | Sept 30 |
| Jackson Exploration | Aug 15 |
| Johnsen and Jorgeson Packaging | Sept 27 |
| Keep Trust | Sept 4 |





## Public Works Loan Board rates

Effective August 7

| Years | Quota loans repaid by EIP† | Quota loans repaid A‡ | Quota loans repaid at maturity§ | Non-quota loans A* repaid by EIP† | Non-quota loans A* repaid A‡ | Non-quota loans A* repaid at maturity§ |
|---|---|---|---|---|---|---|
| 1 | — | — | 10⅞ | — | — | 11⅝ |
| Over 1, up to 2 | 10⅞ | 10⅞ | 11 | 11⅞ | 11⅞ | 11⅝ |
| Over 2, up to 3 | 11 | 11 | 11 | 12 | 12 | 11⅞ |
| Over 3, up to 4 | 11 | 11 | 11 | 12 | 12 | 11⅞ |
| Over 4, up to 5 | 11 | 11 | 11⅛ | 12 | 12 | 11⅞ |
| Over 5, up to 6 | 11 | 11 | 11⅛ | 11⅞ | 11⅞ | 11⅝ |
| Over 6, up to 7 | 11 | 11 | 11⅛ | 11⅞ | 11⅞ | 11⅝ |
| Over 7, up to 8 | 11⅛ | 11⅛ | 11⅛ | 11⅝ | 11⅝ | 11⅝ |
| Over 8, up to 9 | 11⅛ | 11⅛ | 11⅛ | 11⅞ | 11⅞ | 11⅝ |
| Over 9, up to 10 | 11⅛ | 11⅛ | 11 | 11⅝ | 11⅝ | 11⅝ |
| Over 10, up to 15 | 11⅛ | 11 | 10⅞ | 11⅝ | 11⅝ | 11⅛ |
| Over 15, up to 25 | 10⅞ | 10⅞ | 10⅞ | 11⅝ | 11⅛ | 11⅛ |
| Over 25 | 10⅞ | 10⅞ | 10⅞ | 11⅛ | 11 | 11 |

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

## BUSINESS LAW

# Grey areas of liability for damages

BY CELIA HAMPTON

AFTER TWO decades of growing liberality, the courts now seem to have turned cautious in allowing claims for damages in the grey areas at the edges of established entitlements. In recent cases, they bave again considered entitlement to compensation for loss which is "purely economic." They bave also approached much more of a novelty—the right to damages for breach of European Community law.

The Court of Appeal and tho Privy Council have both revisited pure economic loss in recent weeks. Both came down against the losor.

In the Appeal Court case* a lobster farmer had tanks installed by a number of contractors, not all of whom were in a direct contractual relationship with him. The motors for the system, snpplied by an independent contractor, were unsuitable for the UK voltaga range. They failed and all the lobsters died.

The farmer sued tha supplier of the motors, arguing that his loss of lobstors was foreseeablo by the supplier and that the supplier had been negligent.

The court agreed on tho foreseeability and the uogligence, but it got cold feet when it camo to saying that the lobster farmer should recover directly from the motor supplier.

There was uot a sufficiently close *proximity* between the farmer and the supplier, and tha farmer had to look for his remedy to the person in the immediate supplying position—his main contractor. Nor had the farmer placed any "real" reliance on the supplier of the motors. It was uo different from the ordinary case of the individual buying defective goods from a retailer and uot being abie to sue the manufacturer for the cost of repairs.

This demonstrates the now familiar unwillingness of the courts to extend tha confines of damages for ecouomic loss. The lucky factory owner who recovered damages for replacing a defective floor† is beginning to look more and more isolated. Although there was no coutract, his relationship with the flooring company was "very close" and be placed a "real reliance" on them. Although that was a statement of general law by the House of Lords, its application is being restricted almost to the facts of that case alone.

Moreover, what is ironical about the most recent decision is that the leading judgment was given by Lord Justice Robert Goff. In a case decided only last December‡ be advanced a radical argument which, taken to a logical end, would favour the extension of damages for "pure economic loss."

He reasoned that, where there is au intermediate party between tho wrongdoer and the victim, and where the wrongdoer would have been liable to the intermediary, liability could be transferred and the right to sue passed oo by tha intermediary to the victim.

In the present case, he relied on the proximity argument — the loss, caused by negligence, was foreseeable but a line bad to be drawn beyond which a person was too far removed to be able to look to the wrongdoer directly for compensation. He must instead look to tho person closer to him — the retailer or the main contractor. This judgment comes much closer to tha more conservative argument that all foreseeable loss caused by negligence entitles one to compensation, but the law has to intervenc somewhere to draw a line. Where that is depends on policy.

The Privy Council§ had a shipping caso from New South Wales, concerning collision damage to a ship which was chartered to tho claimant. It is well-established law and custom that a time charterer has uo proprietary interest in the ship, but this does not prevent him from suffering losses if the ship is out of action.

The Privy Council ruled that the time-charterer had no right to claim damages against the ship whose negligence caused the collision. He had no proprietary interest in the chartered ship, so, in making the claim, he had to step out into the dangerous ground of pure economic loss.

The judgment, to the extent that it was based on a reading of the older cases inclining to allow such claims, drew largely on an Australian High Court case.¶

The Privy Council noted the remark of Mr Justice Murphy that "there is no single satisfactory general principle governing recovery of economic loss caused by negligence." This gives little comfort to prospective litigants. However, it is safa to say that the most recent tendency of the courts should serve to dampen any enthusiasm for litigation in this area.

The legal issues in the European case ‖ were more complex. In August 1981 the Ministry of Agriculture issued regulations restricting the import of turkeys from countries which controlled Newcastle disease by vaccination rather than slaughter. French turkeys were thus excluded.

In July 1982 the European Court ruled that the regulations were in fact aimed at protecting the UK poultry industry, and were therefore in breach of Article 30 of the EEC Treaty on unrestricted trade between member states.

Five French turkey producers were badly hit. Although they were again free to sell their turkeys by Christmas 1982, they lost considerable sums in the autumn of 1981. They sued the Minister of Agriculture for damages, alleging that he was in breach of his statutory duty under tho European Communities Act 1972. In the High Court, Mr Justice Mann allowed the claim.

The Court of Appeal reversed this ruling. Its judgment will be fully reported in tomorrow's FT Commercial Law Report. The case is almost certain to go to tho House of Lords. Tha judgments show interesting reasoning, especially Lord Justice Oliver'a longthy dissent.

The majority ruled that the French producers' remedy lay only in judicial review—an excellent remedy no doubt if yon want to stop the authorities doing something wrong or make them do something right—but it does uot permit payment of damages as onc of the available remedies.

Lord Justice Oliver argued that EEC law, as olucidated hy the European Court, requires national laws to give an *effective* remedy against breaches of those Treaty articles which are directly enforceable by people injured in their breach (articles having "direct effect"). English law has clearly recognised a right of action for damages where the breach is by an individual or private undertaking—the Treaty gives rise to a woman's claim for equal pay or a competitor's claim that a company is abusing a dominant market position. The European Court has, moreover, recognised that Article 30 may be actionable against an individual, as, for instance, where patent rights are abused to exclude imports.

It has also said that an individual who has had to pay any tax, duty or levy under an unlawful order must be able to recover any payments msde from the state.

These are the rights of the subjects of European Community law and they must be protected effectively by national courts. Any public policy argument that governments must he able to take discretionary decisions without fear of having to pay if they make mistakes in good faith (the prevailing argument in English administrative law) cannot run counter to the express jurisprudence of the European Court. Simultaneously to give a right of actiou (under the 1972 Act) and to take it away on pnblic policy grounds cannot provide an answer to the clear dictates of Community law. That this puts hreaches of Community law in a special class, and opens up new liabilities for damages, is inconvenient — but unavoidable.

This radical reasoning did not appeal to tha other two judges (Lord Justices Parker and Nourse). They considered that tho turkey producers' action lay in public law and thorefore consisted only of a right to jndicial review. (It was common ground that tho regulations were not an abuse of power such as might give rise to damagea in English law.)

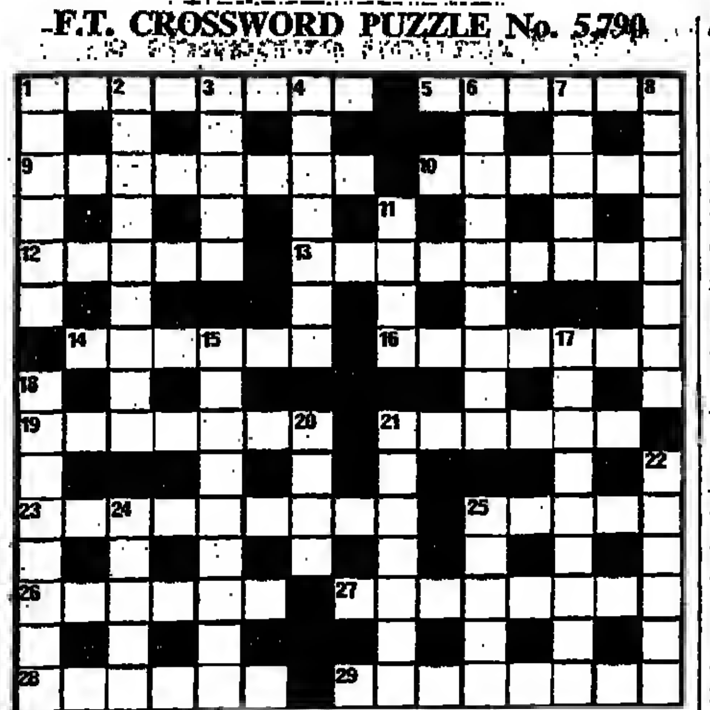
European law does not specify procedures or remedies to be provided by national laws. It saya only that tho remedy should be no less favourahle for people injured by a breach of it than the remedy availsble for a similar hreach of national law.

The remedy of judicial review was quite useless to thc French turkey producers—the Government bad put right its wrong in 1982. Their only effective remedy would be damages. If their loss had been caused by an English private turkey producer, they would have got compensation.

It will be interesting to see wbether the House of Lords will catch the Court of Appeal's hyper-caution, or wbether it will impose the samo liability on the Government to pay damages as it has imposed on individuals.

* *Muirhead v Industrial Tank Specialities Ltd, Times Law Reports, August 6, 1985.*
† *Junior Book Ltd v Veitchi Ltd [1983] 1 AC 520.*
‡ *Leigh and Sillivan Ltd v Aliakmon Shipping Co Ltd [1985] QB 50.*
§ *Candlewood Navigation Corp Ltd v Mitsui OSK Lines Ltd [1985] 2 All ER 935.*
¶ *Caltex Oil (Australia) Pty Ltd v Dredge Willemstad (1976) 136 CLR 529.*
‖ *Bourgoin SA v Ministry of Agriculture, Fisheries and Food. Times Law Reports, August 3, 1985.*

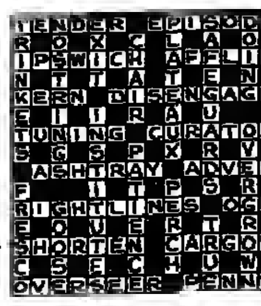
## F.T. CROSSWORD PUZZLE No. 5,790



ACROSS
1 Canst not alter? (8)
5 Hint to spinner is excellent (6)
9 Goes back on extended areas (8)
10 Neat tree (6)
12 Idea for article la coming to me (5)
13 There's a complaint about the joint (9)
14 Acrobatic feat with a short glass (6)
16 China city? (7)
19 Spotted model in disarray around tha races (7)
21 Erects boards (4, 2)
23 Fuel worker? First, get a firing (3-6)
25 Animal hecame linked in part (5)
26 Now York item could be showing antagonism (6)
27 Conceited person to enter briefly with bird (8)
28 Stiffness shown by specially-treated charts (6)
29 One concerned includes measure—he looks after provisions (8)

DOWN
1 Copper charge can assist the priest (6)
2 Low return is possibly described as this (3, 6)
3 Follow Mark (5)
4 Lunatic head cover (7)
6 Tense, making mistakes? (9)
7 Place reliance on faith (5)
8 Engagement could be for weightlifting performance (8)
11 Reading cut short? Could get it in the neck! (4)
15 Bacilli moving about street like projectiles (9)
17 Band-leader in March? (4-5)
18 Mugs—smashing head. Such complacency! (8)
20 Could be blind or stoned (4)
21 Brihe arises within genuine ambition (7)
22 He's sportsman—a golfer, in fact (6)
24 Dance with a doctor in Sonth America (5)
25 Child's not well—a cold? (5)

Solution to Puzzle No. 5,789






## APPOINTMENTS

# Stothert & Pitt chairman

Mr George King has been elected a director and is appointed chairman of STOTHERT & PITT. He succeeds Sir Ralph Bateman who has retired after a career in the vehicle industry culminating as managing director Leyland Australia and group director. BSG International, with exocutiva responsibility for the Britax oporation worldwido, more recently Mr King has pursued privato business interests in Australia and Malaysia.

★

Mr Peter M. Barnett has been promoted to manager, new business development at DAIWA BANK, London. He will concentrate on expanding the bank's syndicated loan and capital markot related business in Austria, Belgium, France, Luxembourg, Ireland and Italy.

★

Mr David L. Peebles, has been appointed to the board of WOLSELEY-HUGHES. Ha is president and chief executive officer of Ferguson Enterprises Inc. wholly-owned U.S. subsidiary of Wolseley-Hughes, which was acquired in 1982. Mr Peebles was ona of tho founders of Ferguson, which was established in 1953.

★

[illegible]FFAIN TRUST MANAGERS has appointed Mr Simon Baker as a fund manager specialising in UK and European equity markets. He comes from the central board of finance of the Church of England.

★

Mr Malcolm Cox is to become salas director of NEILL TOOLS, main operating subsidiary of the Sheffield-based hand tool manufacturers James Noill Holdings. He is export sales director of Spear and Jackson (Tools).

★

Mr John Allan, tho director responsible for the Fine Fare supermarkets and discount stores, is to join BET in September. He will join the BET executive and tho boards of BET subsidiaries Initial and BET Building Services (which incorporates the home improvement and replacement window companies—Boulton and Paul and Anglian Windows). At Fina Fare since 1978, he was a director of Fine Fare Retail, comprising 300 supermarkets and superstores and 160 discount stores, which had a turnover of over £1 billion and employed 18,000 staff. He was responsible for all marketing, buying and store operations for the Fine Fare chain.

★

CAYZER STEEL BOWATER GROUP, insurance broking arm of the British and Commonwealth Shipping Co, Steel Brothers Holdings and Bowater Industries, has made the following appointments: st Cayzer Steel Bowater Holdings Mr P. A. Duck and Mr I. M. Wilkinson to join the board; at Cayzer Steel Bowater International Mr Duck is to become chairman and Mr D. M. Lambert, managing director, Mr R. L. Harley to join the board; at Cayzer Steel Bowater Mr I. W. Chatterton to be chairman and Mr E. H. D. Jones managing director; at Tennant Budd Mr P. C. Spreadborough to be chairman. Mr P. D. Drummond and Mr G. C. Sear to be joint managing directors. Mr D. B. Bradshaw to join the board.

★

Mr John Terris has been appointed a director of tho CIA Modia Communications Group. He joined Chris Ingram Associates as marketing and development director in July 1984.

★

Mr Robert Whittock has beeo appointed to the hoard of KENHAM TOOLS & PRESSINGS, Birmingham—a Motalrax Group company. He was production engineer.

★

Mr Anthony del Tufo will be joining PEARSON on September 9 as group financial controller. Ho was previously finance director of Pitman.

★

Tha HAWKER SIDDELEY COMPANY has made tho following appointments: Mr C. P. Jones to tho board of Brush Electrical Machines, as finance director; Mr J. Hume to the board of Brush Switchgear as finance director; Mr D. Eyre to tho board Crompton Parkinson Vidor; Mr R. H. Von Gunter to the board of Mirrlees Blackstona (Startford) as sales director; and Mr D. E. G. Stark has become managing director of Westinghouse Systems. Ho is also appointed chairman of Basic Systems, effective from the same date.

Mr John Wilson, president of Rodeway Inns International

Mr John Wilson, assistant managing director of Ladbroke Hotels, has been appointed president of RODEWAY INNS INTERNATIONAL, the North American botel franchise company recently acquired by a U.S. subsidiary of Ladbroka Group. Mr Wilson, who joined Ladbroke in 1972, will be based at Rodeway's Dallas, Texas, headquarters.

★

Ms Angela Oakes has been promoted to director of CATALYST COMMUNICATIONS. She was one of the four original members of the company formed 2½ years ago.

# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

**Abbey Unit Tst. Mngrs. (a)**
80, Holdenhurst Rd., Bournemouth 0345 717373

| | | | | |
|---|---|---|---|---|
| High Income | | | | |
| Gilts & Fixed Int. | 112.6 | 119.5 | -0.2 | 10.07 |
| High Inc Equity | 70.0 | 74.5 | +0.1 | 6.64 |
| Worldwide Bond | 149.7 | 151.2 | +1.7 | 6.04 |
| Capital Growth | | | | |
| American Growth | 134.1 | 142.7 | -0.6 | 3.74 |
| Asian Pacific | 48.3 | 51.4 | +0.7 | 2.43 |
| Assets & Earngs. Tt. | 73.5 | 78.1 | +0.3 | 3.55 |
| Capital Reserve | 58.4 | 58.7 | — | — |
| Commodity & Engy. | 70.0 | 75.2 | +0.3 | 2.96 |
| European Capital | 49.4 | 52.5 | +0.6 | 2.86 |
| General | 102.2 | 109.3 | +0.2 | 3.66 |
| Japan | 143.3 | 154.1 | +2.5 | — |
| UK Growth Acc Units | 98.3 | 105.7 | +0.4 | — |
| UK Growth Dist | 69.2 | 74.4 | +0.3 | 2.07 |
| U.S. Emerging Co's | 54.5 | 58.6 | +0.1 | 0.44 |
| Equitas Prog. | 155.9 | 166.7 | +1.2 | 4.06 |

**Aitken Hume**
30, City Road, EC1Y 2AY. 01-628 6626

| | | | | |
|---|---|---|---|---|
| American Tech Fd | 107.0 | 114.5 | -0.5 | — |
| Pacific Fd | 121.0 | 129.4 | +0.9 | 0.28 |
| Secured Income Fd | 135.9 | 145.4 | +0.2 | 5.50 |
| Special Sits | 143.5 | 153.5 | +0.1 | 1.56 |
| Energy Fd | 30.6 | 32.7 | +0.3 | 0.60 |
| American Majors | 55.7 | 59.6 | -0.6 | 1.56 |
| Small Co's Fd (10ler1) | 28.2 | 30.1 | +0.1 | 1.97 |
| Jap. Technology | 50.9 | 54.5 | -0.3 | 0.30 |
| International Income | 49.4 | 52.7 | — | 7.00 |
| Exempt | 399.5 | 427.5 | — | — |

CONTINUED OVERLEAF

# AUTHORISED UNIT TRUSTS & INSURANCES

**Pearl Trust Managers Ltd. (a)(g)**
252, High Holborn, WC1V 7EB. 01-405 8441

| | | | | |
|---|---|---|---|---|
| Pearl Growth Fd. | 61.9 | 65.8 | +0.3 | 1.48 |
| Accum Units | 91.5 | 97.3 | +0.5 | 1.48 |
| Pearl Inc. | 86.3 | 91.8 | +0.2 | 8.17 |
| Pearl Unit Fd. | 90.1 | 96.1 | +0.2 | 4.25 |
| (Accum. Units) | 152.0 | 162.6 | +0.3 | 4.25 |

**Perpetual Unit Trust Mngmt. (a)**
48, Hart Street, Henley on Thames 0491 576868

| | | | | |
|---|---|---|---|---|
| Growth | 179.1 | 192.2 | +1.4 | 1.52 |
| Income | 134.6 | 144.2 | +1.8 | 5.44 |
| Worldwide Recovery | 101.6 | 109.3 | -0.2 | 2.14 |
| American Growth | 57.6 | 61.8 | -0.5 | 0.68 |
| Intl. Emerging Cos. | 58.0 | 62.3 | +0.2 | 0.78 |
| Far East Growth Fd. | 41.5 | 51.0 | +0.4 | 1.00 |

**Prolific Unit Trusts**
222, Bishopsgate, EC2. 01-247 7544/7

| | | | | |
|---|---|---|---|---|
| Prolific Far East | 99.9 | 107.0 | +0.2 | 0.37 |
| Prolific Extra Inc. | 60.2 | 64.2 | | 6.33 |
| Prolific Gilt Cap. | 81.3 | 84.6 | ..... | 5.25 |
| Prolific High Inc. | 126.2 | 134.5 | +0.3 | 5.68 |
| Prolific Intl. | 82.3 | 88.2 | -0.4 | 1.77 |
| Prolific N. Amer. | 116.4 | 124.7 | +0.8 | 2.30 |
| Prolific Spec. Sits. | 133.0 | 141.8 | +0.6 | 1.69 |
| Prolific Technology | 102.0 | 109.3 | -0.4 | 0.78 |

**Providence Capitol Fd. Mgrs. Ltd.**
30 Uxbridge Road, London, W12 8PG. 01-749 9111

| | | | | |
|---|---|---|---|---|
| Japan Trust | 48.9 | 51.8 | +0.9 | — |
| Worldwide | 48.1 | 51.0 | +0.2 | 2.80 |
| European Trust | 50.6 | 51.6 | +0.4 | 2.16 |
| North American | 50.1 | 55.1 | -0.2 | 2.00 |
| UK Equity | 48.8 | 51.7 | +0.1 | 4.10 |

**Prudential Unit Trust Mngrs Ltd. (a) (b) (c)**
51-69, Ilford Hill, Ilford, Essex, IG7 2DL 01-470 3377

| | | | | |
|---|---|---|---|---|
| Holborn Equity Fd. | 314.4 | 334.4 | -0.1 | 3.71 |
| Holborn Gilt Tst. | 153.8 | 159.9 | ... | 8.63 |
| Holborn High Inc. | 53.9 | 57.3 | -0.1 | 7.31 |
| Holborn Intl. | 59.8 | 63.6 | +0.4 | 0.54 |
| Holborn UK Growth | 61.6 | 65.5 | -0.7 | 3.63 |

**Quilter Management Co. Ltd.**
31-45 Gresham Street, EC2

**TSB Unit Trusts (b) (c) (y)**
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG
0264 62188. Dealings to 0264 63432-3

| | | | | |
|---|---|---|---|---|
| TSB American | 93.0 | 99.8 | -0.1 | 1.46 |
| Do. Accum | 97.6 | 103.9 | -0.1 | 1.46 |
| TSB Extra Income | 82.8 | 88.1 | +0.2 | 6.50 |
| Do. Accum | 92.1 | 98.0 | +0.1 | 6.50 |
| TSB General | 116.2 | 123.6 | -0.1 | 3.51 |
| Do. Accum | 188.1 | 200.1 | -0.1 | 3.51 |
| TSB Gilt & Fxd Int Inc | 46.7 | 48.7 | | 9.50 |
| Do. Accum | 57.5 | 59.9 | -0.1 | 9.50 |
| TSB Income | 158.5 | 168.7 | +0.6 | 5.23 |
| Do. Accum | 239.0 | 254.3 | +0.8 | 5.23 |
| TSB Pacific | 101.9 | 108.5 | +1.0 | 0.61 |
| Do. Accum | 104.6 | 111.3 | +1.1 | 0.61 |
| TSB International | 227.1 | 241.6 | +0.4 | 1.86 |
| Do. Accum | 276.4 | 294.1 | +0.5 | 1.86 |
| Natural Resources | 44.5 | 47.4 | -0.3 | 2.12 |
| Do. Accum | 45.0 | 41.9 | -0.2 | 2.12 |
| TSB Smtr. Opps. | 45.3 | 48.2 | +0.2 | 2.60 |
| Do. Accum | 48.6 | 51.8 | +0.2 | 2.60 |

**3i & Target Fund Mgrs Ltd**
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 5941

| | | | | |
|---|---|---|---|---|
| Small Co's Fund | 66.4 | 71.0 | | 0.10 |

**Target Trust Mngrs. Ltd. (a)(g)**
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

| | | | | |
|---|---|---|---|---|
| American Eagle | 65.4 | 69.8 | | 0.27 |
| Australia | 29.1 | 31.7 | -0.1 | 0.10 |
| Commodity | 89.0 | 95.6 | +1.0 | 1.41 |
| Energy | 39.7 | 42.5 | | 0.82 |
| Equity | 96.2 | 102.7 | -0.4 | 3.85 |
| European Spec. Sits. | 51.7 | 55.0 | +0.1 | 0.9 |
| Extra Income | 88.4 | 94.6 | +0.3 | 7.66 |
| Financial | 199.6 | 213.0 | +0.3 | 2.89 |
| Gilt Capital | 219.7 | 230.0 | +1.0 | 5.25 |
| Gilt Income | 101.2 | 108.1 | +0.3 | 8.85 |
| Gold Income | 61.0 | 65.3 | +0.4 | 2.33 |
| Gold Acc. | 110.4 | 118.1 | -0.4 | 2.33 |
| Income | 57.4 | 61.8 | +0.3 | 6.06 |
| Japan | 44.6 | 47.6 | +0.6 | 0.1 |
| Malaysia & Singapore | 23.4 | 24.9 | +0.4 | 1.18 |
| Pacific Income | 64.9 | 69.5 | +0.7 | 0.89 |
| Pacific Re Inv | 78.8 | 84.3 | +0.8 | 0.9 |
| Preference Share | 15.0 | 17.0 | -0.1 | 10.18 |

**Allied Dunbar Assurance PLC**
Allied Dunbar Ctr, Swindon SN1 1EL.

**Ambassador Life Ass. Co. Ltd.**
80 Holdenhurst Rd, Bournemouth BH8 8AL 0202 292345

## INSURANCES

# INSURANCE, OVERSEAS & MONEY FUNDS

**Arbuthnot Securities (C.I.) Ltd. (a)(c)(h)**
P.O. Box 428, St. Helier, Jersey. 0534 76077

| | | | | |
|---|---|---|---|---|
| Dollar Income Tst (z) | $1.026 | 1.076 | +0.001 | 11.15 |
| Gov't Secs. Tst. | 74.7 | 78.9 | +0.1 | 17.74 |
| Yen Bond* | Y197 | 207 | | 5.80 |
| Sterling Fd† | 183.2 | 183.3 | | — |
| Japan Growth* | 210.7 | 226.4 | +10.4 | 0.43 |

Next dealing *Aug 15. †Aug 14

**Aries Fund Managers Ltd.**
PO Box 443, St Helier, Jersey. 0534 75141

| | | | | |
|---|---|---|---|---|
| GB Fd | £9.79 | 10.58 | — | — |
| Dollar Fund | $10.27 | 10.81 | — | 6.37 |
| Sterling Fxd Interest | £9.71 | 10.22 | — | 9.66 |

**B.I.A. Bond Investments AG**
10, Baarerstrasse CH6301, Zug, Switzerland

| | | | | |
|---|---|---|---|---|
| Barer Std Jan 30 | SF10.925 | 11.500 | — | — |

**Julius Baer Bank & Trust Co Ltd**
Butterfield House, Grand Cayman

| | | | | |
|---|---|---|---|---|
| Liquibaer J. Baer SFd. | $1.331 | 1.332 | — | — |

**Bamford Brandt Guernsey Mngt. Ltd.**
PO Box 71, St Peter Port, Guernsey 0481 26541

| | | | | |
|---|---|---|---|---|
| Tech and Comm. | £7.36 | 7.79 | — | — |
| Pac. Basin Fund | $30.91 | 32.71 | — | — |

**Bank of America International S.A.**
35 Boulevard Royal, Luxembourg GD

| | | | | |
|---|---|---|---|---|
| Wordinvest Inc | $122.96 | 129.50 | — | 0.52 |

Valued weekly on Wednesdays

**Barclays Unicorn International**
1, Charing Cross, St. Helier, Jersey 0534 73741

**EBC Trust Company (Jersey) Ltd.**
1-3 Seale St, St Helier, Jersey. 0534 36331

International Income Fund

| | | | | |
|---|---|---|---|---|
| US$ Dep Short A | $1.4895 | — | +0.0003 | 9.66 |
| Do. Dist | $0.9951 | — | +0.0002 | 4.66 |
| Med.Cur Stl term B | $1.1932 | — | −0.0059 | 8.00 |
| Do. Dist | $0.8884 | — | −0.0046 | 8.00 |
| Eurobd Long Term | $23.79 | — | +0.24 | 10.80 |

European Banking Traded Currency Fund*

| | | | | |
|---|---|---|---|---|
| Income | $10.07 | 10.390 | −0.083 | 8.26 |
| Capital | $11.12 | 11.465 | −0.093 | 8.26 |

*Offer price includes 3% prelim. charge

European Banking Currency Income Fund*

| | | | | |
|---|---|---|---|---|
| Income | $10.15 | 10.466 | +0.032 | 11.93 |

*Offer price includes 5% prelim. charge.

**The English Association**
16 Athol St, Douglas, Isle of Man 0624 20738

| | | | | |
|---|---|---|---|---|
| E.A. Far East | $10.88 | 11.45 | +0.18 | — |

Next dealing Aug 9

**Ermitage Management Ltd.**
19 Royal Square, St Helier, Jersey, CI. 0534 76007

| | | | | |
|---|---|---|---|---|
| External Fund | $10.66 | 19.85 | — | — |
| Bond & Cash Fd | £10.00 | 10.88 | — | 6.77 |
| Cash Fund | £20.40 | | | |

**Ermitage Management Cayman Ltd.**
PO Box 2192, Grand Cayman, B.W.I.

| | | | | |
|---|---|---|---|---|
| Gam Ermitage | $15.17 | — | +0.13 | — |
| Cayman Cash Fd | $10.04 | | | |

**Eurolife Assurance Group**
5-11 Mortimer St., London W1N 7RH 01-631 0778

| | | | | |
|---|---|---|---|---|
| Sterling Eurobond Fd | 106.6 | — | — | — |
| Intnl Eurobond Fd | 106.7 | | | |

**S.G. Europe Obligations S.A.**

**Hambros Fd. Mgrs. (C.I.) Ltd.**
PO Box 86, Guernsey.

**Henderson Admin. (Guernsey) Ltd.**
PO Box 71, St Peter Port, Guernsey

## OFFSHORE AND OVERSEAS

**World Fund S.A.**
2 Boulevard Royal, Luxembourg

| | | | | |
|---|---|---|---|---|
| World Fund NAV | $11.60 | — | — | — |

**World Wide Growth Management**
10a, Boulevard Royal, Luxembourg

| | | | | |
|---|---|---|---|---|
| Worldwide Gth Fd | $13.21 | — | −0.18 | — |

Inv. Adv. M. & G. Inv. Mngt., Ltd., London.

**Yamaichi Dynamic Mngt Co SA**
10A Boulevard Royal, Luxembourg

| | | | | |
|---|---|---|---|---|
| Advanced Tech | $9.25 | — | +0.18 | — |
| Dynamic Gwth Fd | $8.31 | — | +0.07 | — |

## Money Market Trust Funds

| | Gross | Net | Gr Equiv CAR | Int Cr |
|---|---|---|---|---|
| **The Charities Deposit Fund** | | | | |
| 77 London Wall, London EC2N 1DB 01-588 1815 | | | | |
| Deposit | 11.7 | — | — | 3-mth |
| **The Money Market Trust** | | | | |
| 63 Qn Victoria St, EC4N 4ST. 01-236 0952 | | | | |
| Call Fnd | 11.29 | 8.46 | 12.48 | 6-mth |
| 7-day Fnd | 11.69 | 8.74 | 12.94 | 6-mth |
| **Oppenheimer Money Management Ltd** | | | | |
| 66 Cannon St, EC4N 6AE. 01-236 1425 | | | | |
| Call Fnd | 11.30 | 8.48 | 12.43 | 6-mth |
| 7-day Fund | 11.76 | 8.79 | 12.98 | 6-mth |
| Dollar | 6.68 | | | 6-mth |
| Money Mngt. Acct | 11.125 | 8.31 | 12.42 | 3-mth |

## Money Market Bank Accounts

| | Gross | Net | Gr Equiv CAR | Int Cr |
|---|---|---|---|---|
| **Adam & Co. plc** | | | | |
| 22 Charlotte Sq. Edinburgh, EH2 4DF 031-225 8484 | | | | |
| 7-day Service Chr Acc. | 11.25 | 8.00 | 11.93 | Qtr |
| **Aitken Hume** | | | | |
| 30 City Road, EC1Y 2AY. 01-638 6070 | | | | |
| Treasury Acc | 11.375 | 8.50 | 12.30 | Qtr |
| Mthly Int. Chq. | 11.25 | 8.41 | 12.68 | Mth |
| **Bank of Scotland** | | | | |
| 38 Threadneedle St, EC2P 2EH. 01-628 8060 | | | | |
| Money Mkt Cheque Acc. | 11.00 | 8.22 | 12.18 | Mth |
| **Barclays Prime Account** | | | | |
| PO Box 125, Northampton 0604 252891 | | | | |
| High Int. Cheque | 11.0 | 8.25 | 12.32 | Qtr |
| **Britannia Investment Services Ltd.** | | | | |
| 29 Finsbury Circus, EC2M 5QL. 01-588 2777 | | | | |
| Cater Allen | 11.38 | 8.50 | 11.9071 | Mth |
| **Charterhouse Japhet plc** | | | | |
| 1 Paternoster Row, EC4M 7DH. 01-248 3999 | | | | |
| Sterling | 11.13 | 8.32 | 12.34 | Mth |
| U.S. Dollar | 7.25 | 7.25 | 7.50 | Mth |
| German Marks | 4.75 | 4.75 | 4.85 | Mth |
| Swiss Francs | 1.50 | 1.50 | 1.51 | Mth |
| Japanese Yen | 5.00 | 5.00 | 5.12 | Mth |
| **Citibank Savings** | | | | |
| St Martins Hse, Hammersmith Grove 01-748 9252 | | | | |
| Cheque Plus | — | 10.00 | 14.03 | Qtr |
| **Co-operative Bank Cheque & Save** | | | | |
| 78-80 Cornhill EC3 01-626 6543. | | | | |
| £500-£2,500 | 9.50 | 7.10 | 10.41 | Qtr |
| £2,500 + | 12.00 | 8.97 | 13.26 | Qtr |
| **Dartington & Co Ltd** | | | | |
| Dartington, Totnes, Devon TQ9 6JE. 0803 862271 | | | | |
| Money Mkt Acc. | 11.00 | 8.25 | 12.27 | Qtr |
| **Edward Manson & Co Ltd** | | | | |
| 9 Henrietta Place W1M 9AG 01-631 3313 | | | | |
| Cheque Deposit Acc. | 11.50 | 8.59 | 12.98 | Mth |
| **Henderson/Bank of Scotland** | | | | |
| 38 Threadneedle St EC2P 2EH 01-628 8060 | | | | |
| Money Mkt. Cheque Acc. | 11.0 | 8.22 | 12.18 | Mth |
| **Lloyds Bank PLC** | | | | |
| 71 Lombard St, London, EC3P 3BS. 01-626 1500 | | | | |
| High Int Cheque | 11.25 | 8.25 | — | Qtr |
| **Lombard North Central PLC** | | | | |
| 17 Bruton St, W1A 3DH 01-409 3434 | | | | |
| 14-Day Notice | 11.750 | 8.783 | 12.547 | — |
| **M & G/Kleinwort Benson** | | | | |
| 91-99 New London Rd, Chelmsford. 0245 51651 | | | | |
| H.I.C.A. | 11.125 | 8.31 | 12.35 | Daily |
| **Midland Bank plc** | | | | |
| PO Box 2, Sheffield. 0742 20999 Ext 8738 | | | | |
| High Int Chq. | 10.20 | 8.00 | 11.92 | Qtr |
| **Provincial Trust (formerly Chesterton)** | | | | |
| 30 Ashley Rd, Altrincham, Cheshire 061-928 9011 | | | | |
| Cheque Acc. | 12.00 | 8.97 | 13.96 | Mth |
| **Royal Bank of Scotland plc** | | | | |
| 24 Lombard St, London EC3V 9DA 031-557 0201 | | | | |
| Premium Account | 11.0 | 8.22 | 12.27 | Qtr |
| **Save & Prosper/Robert Fleming** | | | | |
| 28 Western Rd, Romford RM1 3LB. 0708 66966 | | | | |
| H.I.B.A. | 10.70 | 8.00 | 11.86 | Daily |
| **Tyndall & Co** | | | | |
| 29-33 Princess Victoria St, Bristol. 0272 732241 | | | | |
| Demand Acc. | 11.30 | 8.44 | 12.63 | Qtr |
| Money Acc. | 11.37 | 8.50 | 12.70 | Qtr |
| **J. Henry Schroder Wagg & Co Ltd** | | | | |
| Enterprise House, Portsmouth 0705 827733 | | | | |
| Special Acc. | 11.375 | 8.50 | 12.04 | Mth |
| Over £10,000 | 11.625 | 8.69 | 13.14 | Mth |
| **Western Trust & Savings Limited** | | | | |
| The Moneycentre, Plymouth PL1 5SE 0752 24141 | | | | |
| High Int Chq Acc. | 11.69 | 8.74 | 12.90 | Qtr |

NOTES—Gross: rate to show extent from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

### NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

## OPTIONS

### 3-month call rates

| Industrials | p |
|---|---|
| Allied-Lyons | 16 |
| BAT | 32 |
| BOC Grp | 25 |
| BSR | 16 |
| BTR | 52 |
| Babcock | 14 |
| Barclays | 48 |
| Beecham | 32 |
| Blue Circle | 45 |
| Boots | 15 |
| Bowaters | 28 |
| Brit Aerospace | 33 |
| Brit. Telecom | 21 |
| Brown (J.) | 3 |
| Burton Ord | 39 |
| Cadburys | 14 |
| Charter Cons | 18 |
| Comm Union | 19 |
| Courtaulds | 12½ |
| Debenhams | 17½ |
| Distillers | 28 |
| FNFC | 8½ |
| Gen Accident | 45 |
| Gen Electric | 17 |
| Glaxo | 85 |
| Grand Met | 25 |
| GUS 'A' | 68 |
| Guardian | 48 |
| GKN | 37 |
| Hanson Tst | 17½ |
| Hawker Sidd | 38 |
| ICI | 60 |
| 'Imps' | 18 |
| Jaguar | 28 |
| Ladbroke | 24 |
| Legal & Gen | 50 |
| Lex Service | 28 |
| Lloyds Bank | 45 |
| Lucas Inds | 25 |
| Marks & Spencer | 11 |
| Midland Bk | 38 |
| NEI | 8 |
| Nat West Bk | 60 |
| P & O Dfd | 36 |
| Plessey | 17 |
| Polly Peck | 26 |
| Racal Elect | 18 |
| RHM | 11 |
| Rank Org Ord | 32 |
| Reed Intnl | 50 |
| Sears | 8 |
| TI | 28 |
| Tesco | 20 |
| Thorn EMI | 35 |
| Trust Houses | 13 |
| Turner Newall | 10 |
| Unilever | 85 |
| Vickers | 19 |
| **Property** | |
| Brit Land | 12 |
| Cap Counties | 18 |
| Land Secs | 25 |
| MEPC | 28 |
| Peachey | 22 |
| Samuel Props | 14 |
| **Oils** | |
| Brit Oil & Min | 4 |
| Brit Petroleum | 42 |
| Burmah Oil | 18 |
| Charterhall | 6 |
| Premier | 5 |
| Shell | 68 |
| Tricentrol | 18 |
| Ultramar | 19 |
| **Mines** | |
| Cons Gold | 44 |
| Lonrho | 14 |
| Rio T Zinc | 56 |

A selection of Options traded is given on the London Stock Exchange Report Page.

# COMMODITIES AND AGRICULTURE

## Brazil welcomes plan to scrap coffee institute

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE BRAZILIAN Government's proposal to abolish or slim down drastically three major state organisations headed by the Brazilian Coffee Institute (IBC) has been broadly welcomed within the country.

Leading industrialists pointed out that the country's highly successful orange juice and soya industries had in recent years become important export earners without federal control from bodies such as the IBC.

But the proposal to do away with the all embracing coffee institute has come as another shock to an industry already demoralised and confused by declining world prices, a recent series of internal policy switches and what it claims are lack of stimuli to production.

Not that there is any lack of agreement over the extent of the troubles facing the IBC. An independent audit commissioned by the Industry and Commerce Ministry, published in full yesterday, revealed a devastating picture of incompetence, overmanning and irregularity.

And this has, in turn, prompted calls from the coffee industry for a full investigation of its findings. Senor Roberto de Abreu Sodre, president of the National Coffee Council, which represents the growers, said on Tuesday the audit showed only "the tip of an iceberg."

However, despite the tremendous diversification of Brazilian agriculture over the past two decades, coffee remains deeply implanted in the heart of the country. Powerful vested interest groups are thus already mounting resistance to any far reaching change.

Coffee growers in Minas Gerais state, nowadays the leading producer, say the break up of the IBC would not benefit the industry. Its research, warehousing and export promotion functions would, of necessity, be divided up between different existing state bodies, weakening central supervision of the sector, according to this argument.

Senor Jose Richa, governor of Parana, another important producing state, has also come out in favour of a shake up for the IBC rather than its total elimination. He acknowledged, however, that the state organ's high costs had led it to becoming a burden on the industry rather than a support.

What will replace the IBC has not yet been officially decided. But it is already evident that change will be gradual, spread over the next two years.

Senor Gusmao, a strong defender of private enterprise, assured businessmen this week that he wished to retain the experience the IBC had built up in areas such as foreign trade and technical assistance to growers.

One proposal believed to be under consideration is the establishment of a foundation run by the industry itself and funded out of the export tax levied on coffee.

But on present indications the most likely outcome of the debate over the future of the IBC is that a consultative council, on which the private sector would be represented, will be set up in its place.

## Row threatens orange juice exports

BY ANN CHARTERS IN SAO PAULO

ORANGE JUICE exports from Brazil are in danger of disruption today as a result of a price dispute between processors and the country's foreign trade authority Cacex.

Manufacturers have refused to accept a new producer price of Cr 20,000 (2.24p) per 40.8 kg box for the 1985-86 harvest, set last week by Cacex in order to put a stop to the processors' protracted negotiations with orange growers.

To put the juice companies under pressure, Cacex has not issued export permits for orange juice during the past four days. Under normal circumstances, permits are approved within a matter of hours. Cacex officially denies that it has suspended exports.

Dr Mario Branco Peres, president of the Brazilian citrus juice industry (Abrassucos) said yesterday that the impasse is the result of government intervention with an arbitrarily fixed price above the ability of the industry to pay. In past years, Cacex only mediated in negotiations between producers and the industry aimed at achieving a consensus on price.

A test of how far Cacex intends to carry its resolve should occur today when one orange juice manufacturer attempts to renew its export permit for a large consignment due to be shipped within the next few days. A total of 140,000 tonnes of juice concentrate is scheduled for export from last March to the end of September with permits for 60,000 tonnes already issued. Since permits are valid for 15 days, some of the latter will need to be renewed, Dr Peres said, before shipments can embark.

Juice manufacturers continue to process oranges normally but will start to feel a cash flow squeeze after 20 days if export contracts cannot be filled. Dr Peres indicated that association members are responsible for 93 per cent of Brazil's juice export which last year reached $1.4bn.

Cacex has apparently let the industry know that it is up to the growers and the industry to settle on what the Cr 20,000 per box includes. Abrassucos' position is that the price has to reflect the cost of financing this year's orange crop, equivalent to $2.20 per box, which the industry paid growers late last year, as well as taxes which are imposed on the harvest and on exports.

Despite meetings during the week between growers and the fruit processing companies, agreement has yet to be reached on other points as well, such as whether the price includes adjustments for inflation. The industry had expected to pay Cr 9,128 per box.

## U.S. oil stocks still below 1984 level

By Nancy Dunne in Washington

U.S. PETROLEUM stocks last week once again ran below 1984 levels, according to the American Petroleum Institute (API).

Crude oil stocks fell almost 8m barrels during the week to 323m barrels, a level nearly 30m less than at the same time last year.

Petrol stocks have been closing the huge gap they have been recording with last year's levels, but at 228.8m barrels, they are still more than 7.6m barrels behind 1984.

The API reported distillate stocks last week at 117.3m barrels, more than 8m barrels less than last year. Residual fuel oil stocks are estimated at a bit more than 41m barrels, 8.8m behind 1984.

● The EEC's sugar management committee yesterday authorised the export of 64,500 tonnes of white sugar at a maximum rebate of European Currency Units 42.239 per 100 kg at its weekly tender. It also authorised export of 28,000 tonnes of raws at a rebate of Ecu's 39.779.

The larger than expected tonnage caused the London sugar market to drop sharply late yesterday.

● THE NEW ZEALAND Meat Producers' Board is to take direct control of sales of lamb and mutton in continental European and Mediterranean markets. These sales had previously been handled on commission by five New Zealand trading companies.

● ARGENTINE grain, oilseed and by-products shipments during January/July 1985 were a record 21,463,719 tonnes, against the previous record of 18,710,252 tonnes shipped in the first seven months last year, Argentine grain trade sources said.

● THREE INDIAN firms have signed a contract to sell 2.5m kilos of medium quality fannings grade tea to Egypt for delivery this year, the Press Trust of India (PTI) said.

PTI quoted Indian Tea Board officials as saying Egypt buys about 18m kilos of tea a year from India, but gave no further details.

## Andrew Gowers on efforts to improve Ivory Coast cocoa

# Chocolate quality under strain

BRITAIN'S POWERFUL chocolate manufacturers have a problem. For decades, they have had to sit by and watch the seemingly inexorable decline of cocoa production in their two traditional supplier countries, Ghana and Nigeria.

For years, they have sought to shop around for their cocoa—only to find that they simply cannot buy the type they need in any other country. Nor do their efforts to change this state of affairs appear to have got very far up to now.

The focus of their attention is the Ivory Coast, a natural choice since its production has risen almost as sharply in recent years as that of Ghana and Nigeria has dropped.

Only 20 years ago, those two countries produced some 800,000 tonnes of cocoa a year between them—around half of world supplies. Now after years of neglect of their cocoa industries, their combined world market has dropped to around 20 per cent, while the Ivory Coast has succeeded in boosting output to some 500,000 tonnes a year.

The problem for the UK manufacturers, who purchase a total of about 90,000 tonnes of cocoa a year, almost all of it still from Nigeria and Ghana, is the quality and flavour of Ivorian cocoa.

"The chocolate that has developed in the UK this century is a particularly milky and mild product," explains Mr Paul Williamson, buying director at Cadbury's. "It is more sensitive to 'off' flavours than strong-flavoured continental brands.

"In the Ivory Coast, their whole system is geared to quantity rather than quality, and we simply can't use their cocoa to make an acceptable product."

With this in mind, together with the growing possibility that they might at some stage find themselves short of Nigerian or Ghanaian cocoa, the British companies approached the Ivorian Government for help in 1982.

Since then, with the public support of President Felix Houphoet-Boigny, British scientists have worked with Ivorian farmers and extension advisors on a series of pilot schemes to improve cocoa quality by training them in harvesting and drying techniques. The cost of the scheme over the last four years is estimated at about £500,000.

The result, last year, was 750 tonnes of better-quality beans, produced by farmers grouped in a set of co-operatives and supervised by the official extension service Satmaci.

Compared with annual Ivorian production of 500,000 tonnes, that may seem a drop in the ocean. But it is a start, and a useful demonstration of what can be achieved.

This year, the scheme is to be extended to incorporate all producer co-operatives in a particular sub-prefecture, involving some 3,000-5,000 tonnes of cocoa.

Such glimmers of progress have already attracted the interest and moral support of most of the world's major chocolate manufacturers, such as Hershey of the U.S., Nestle and Jacobs Suchard of Switzerland and Cote d'Or of Belgium.

But this year's plans notwithstanding, the quality improvement scheme has now reached a crucial juncture, as the chocolate manufacturers told the Ivorian Government when they visited Abidjan last month.

M Denis Bra Kanon, the country's agriculture minister, is keen in principle to extend the programme on a national basis. As far as the manufacturers are concerned, this raises several problems.

For one thing, they say they do not have the resources to carry on a nationally-based scheme themselves. Secondly, although the experimental schemes have met with some succes among farmer co-operatives, they appear to have got absolutely nowhere with small peasant farmers.

British chocolate—too milky and mild for Ivorian cocoa

These growers deal with general traders, known as "traitants," and have little to do with the official extension services. The traitants themselves are estimated to handle about three quarters of the country's cocoa, and as Mr Williamson put it, "the idea of quality doesn't creep into their mind at all."

M Bra Kanon is reported to be well aware of the need to mend the ways of these traders—but sceptical as to its feasibility.

"There really is a limit to what we can do," said Mr Tom Harrison, supplies director with Mars. "We told them they've got to help themselves."

The note of frustration in his voice is probably explained by three outstanding issues which observers in Abidjan believe the Ivorians have not even begun to tackle:

● The country needs a more effective nation-wide extension service. "At the moment they still concentrate on planting more cocoa rather than harvesting it properly," said one seasoned cocoa-watcher.

● It needs a proper system to prevent bad cocoa being mixed with the quantities of good-quality beans that are produced.

● Above all, the Government needs to address the question of incentives for producing good-quality cocoa. At present, all Ivorian farmers get the same official price for what they produce, and President Houphouet-Boigny is believed to be vehemently opposed to introducing any form of two-tier pricing.

Foreign observers find this stance difficult to understand. "Ivory Coast cocoa is selling at a price 2 to 3 per cent below Ghanaian on the world market," said one. "That's the cost to the country of producing lower-quality beans.

"But it's very difficult to show a farmer that he stands to gain from investing more time and care in his crop to improve it if he's still getting the same price for it."

The germ of an answer, as the manufacturers see it, is provided by an idea discussed during their recent visit to Abidjan: the Ivorian Government is to set up a steering committee to monitor the progress of the cocoa programme, and produce a report on how it could be extended nationally.

If that came down in favour of two-tier pricing, as the manufacturers would advocate, they believe the Ivory Coast's plan to boost cocoa quality might have some chance of moving from an experimental to a full commercial phase. In such circumstances, more help would be forthcoming from the manufacturers.

They have an important ally, too: an improvement in the quality of Ivorian cash crops is believed to be one of the conditions which the World Bank is attaching to a new structural adjustment loan.

## LONDON MARKETS

THE BIGGEST mover on London's soft commodities futures markets yesterday was sugar, which was depressed by a bigger-than-expected export authorisation at the weekly EEC tender in Brussels. Nearby values moved $5 or $6 lower in late afternoon.

The other markets were relatively quiet. Cocoa marked time with the December futures position ending £2.50 higher at £1,719 a tonne. Dealers said the market remained vulnerable to bearish chart patterns and an over-supplied market but were being propped up by concern about disease affecting the Brazilian crop following recent wet weather.

### MAIN PRICE CHANGES

In tonnes unless otherwise stated.

| | Aug. 7 1985 | + or − | Month ago |
|---|---|---|---|
| **METALS** | | | |
| Aluminium | £1100 | | £1100 |
| Free Mkt | $1050/70 | −15 | $1030/60 |
| Copper | | | |
| Cash h Grade | £1059 | +8.5 | £1048 |
| 3 mths | £1079.5 | +15.25 | £1056.25 |
| Gold Troy oz | $321.25 | +1 | $314.12 |
| Lead Cash | £296 | −1.75 | £280.25 |
| 3 mths | £299.25 | −1.5 | £293.25 |
| Nickel | | | |
| Free Mkt | 226/246c | −2 | 230/260c |
| Palladium oz | $98.25 | −0.15 | $95.00 |
| Platinum oz | $278.00 | +1.2 | $266.00 |
| Quicksilver† | $290/300 | | $280 290 |
| Silver troy oz | 454.95p | +1.30 | 434.25p |
| 3 months | 467.85p | +1.50 | 447.60p |
| Tin cash | £9286 | +58.5 | £9208 |
| 3 months | £9256.5 | +56.5 | £9107.5 |
| Tungsten | $71.86 | | $72.75 |
| Wolfram 22.01lb | $64/70 | −2 | $68/62 |
| Zinc | £540.5 | +2.5 | £530 |
| 3 months | £541.5 | +4 | £525.5 |
| Producers | $650 | | $630/680 |

| | Aug. 7 1985 | + or − | Month ago |
|---|---|---|---|
| **OILS** | | | |
| Coconut (Phil) | $520x | +5 | $565 |
| Palm Malayan | $487.5w | +2.5 | $515 |
| **SEEDS** | | | |
| Copra Phil | $340x | | $340 |
| Soyabean (U.S.) | $218.5w | | $231.25 |
| **GRAINS** | | | |
| Barley Fut. Nov. | £102.40 | +0.30 | £99.30 |
| Maize | £136.00z | | £141.00 |
| Wheat Fut. Nov. | £101.70 | +0.10 | £100.15 |
| No. 2 Hard Wint. | ‡ | | ‡ |
| **OTHERS** | | | |
| Cocoa Ft. Dec. | £1712 | +2.5 | £1734.5 |
| Coffee Ft. Nov. | £1101 | +9.5 | £1782.5 |
| Cotton A Index | 57.70c | | 61.65c |
| Gas Oil Sept. | $228 | +9 | $217.25 |
| Rubber (kilo) | 64.5p | +0.5 | 65p |
| Sugar (raw) | $127.0x | −2 | $86 |
| Wooltops 64s | 433pkilo | | 448pkilo |

‡ Unquoted. x Aug-Sept. w Sept. z July-Aug. † Per 76 lb flask. c Cents per pound.

### ALUMINIUM

| | Unofficial close (p.m.) £ per tonne | + or − | High/low |
|---|---|---|---|
| Cash | 759-60 | −4.5 | 757.5/757 |
| 3 months | 781-5 | −3.5 | 783/775.5 |

Official closing (am): Cash 756-1 (760-1), three months 779.5-80 (782.5-3), settlement 757 (761). Final Kerb close: 780-1.
Turnover: 20,625 tonnes.

### COPPER

| Higher grade | Unofficial close | + or − | High/low |
|---|---|---|---|
| Cash | 1059-60 | +6.5 | 1058/1055 |
| 3 months | 1079-.80 | +15.25 | 1081.5/1078 |

Official closing (am): Cash 1055-7 (1059-60), three months 1075-6 (1068-7), settlement 1057 (1060). Final Kerb close: 1082.5-3.5.

| Cathodes | | | |
|---|---|---|---|
| Cash | 1030-5 | +17.5 | 1029/1028 |
| 3 months | 1050 5 | +14 | — |

Official closing (am): Cash 1025-6 (1012-3), three months 1045-8 (1033-5), settlement 1026 (1013).
Turnover: 102,550 tonnes. U.S. producer prices 66-71 cents per pound.

### LEAD

| | Unofficial close (p.m.) £ per tonne | + or − | High/low |
|---|---|---|---|
| Cash | 295.5-6.5 | −1.75 | 296/295 |
| 3 months | 299-.5 | −1.5 | 303/294 |

Official closing (am): Cash 295.5-8 (298-.5), three months 298.75-9 (301-2), settlement 296 (298.5). Final Kerb close: 300-1.
Turnover: 5,400 tonnes. U.S. Spot: 19-21 cents per pound.

### NICKEL

| | Unofficial close (p.m.) £ per tonne | + or − | High/low |
|---|---|---|---|
| Cash | 3700-10 | −10 | — |
| 3 months | 3770 5 | −5 | 3810/374 |

Official closing (am): Cash 3700-10 (3730-5), three months 3770-5 (3780-90), settlement 3710 (3735). Final Kerb close: 3770-80.
Turnover: 510 tonnes.

### ZINC

| | Unofficial close (p.m.) £ per tonne | + or − | High/low |
|---|---|---|---|
| Cash | 548 51 | +2.5 | — |
| 3 months | 547 8 | +4 | 552 548 |

Official closing (am): Cash 552-3 (537-8), three months 551-2 (534-.5), settlement 553 (538). Final Kerb close: 552-4.
Turnover: 9,475 tonnes. U S Prime Western: 41-41.75 cents per pound

### TIN

| High grade | Unofficial close (p.m.) £ per tonne | + or − | High/low for day |
|---|---|---|---|
| Cash | 9285-90 | +60 | — |
| 3 months | 9255-60 | +53.5 | — |

Official closing (am): Cash 9245-50 (9197-200), three months 9220-30 (9180-5), settlement 9250 (9200).

| Standard | | | |
|---|---|---|---|
| Cash | 9285-7 | +59.5 | — |
| 3 months | 9256-8 | +55.5 | 9256/9220 |

Official closing (am): Cash 9240-5 (9195-6), three months 9220-1 (9175-6), settlement 9245 (9196). Final Kerb close: 9240-50.
Turnover: 1515 tonnes. Straits tin M$30.45 kilo.

### GOLD

Gold gained $1 to $321-321½ on the London bullion market yesterday. The metal opened at $319½-320 and was fixed at $320.65 in the morning and $321.15 in the afternoon. It touched a low of $319½-320, and a peak of $321½-322 as the dollar fell back on the foreign exchanges and the market remained concerned about unrest in South Africa.

GOLD BULLION (fine ounce) Aug. 7

| | | |
|---|---|---|
| Close | $321-321½ | (£238-239½) |
| Opening | $319½-320 | (£239¼-239¾) |
| M'n'g fix | $320.65 | (£241.181) |
| Aft'n'n fix | $321.15 | (£238.685) |

GOLD AND PLATINUM COINS

| | | |
|---|---|---|
| Kr'g'rnd | $325¼-326¾ | (£243¼-244¼) |
| ½ Krug. | $170¼-170¾ | (£127¼-127¾) |
| ¼ Krug. | $88¾-89¼ | (£66¼-66¾) |
| 1/10 Krug. | $36½-36 | (£26½-27) |
| Mapleleaf | $331-332 | (£247½-248¼) |
| New Sov. | $75¾-76½ | (£56¾-57¼) |
| ½ New Sov. | $45¾-46½ | (£34¼-34¾) |
| Old Sov. | $77-78½ | (£57¼-58½) |
| $20 Eagle | $460-510 | (£344-381½) |
| Noble Plat | $386¼-389½ | (£215-216½) |

### SILVER

Silver was fixed 1.3p an ounce higher for spot delivery in the London bullion market yesterday at 454.95p. U.S. cent equivalents of the fixing levels were: spot 611c, down 2.8c; three-months 622.25c, down 2.8c; six-month 635.75c, down 2.75c; and 12-month 663.15c, down 3.1c. The metal opened at 456½-459½p (610-613c) and closed at 456½-459½p (613-616c).

| SILVER per troy | Bullion Fixing price | + or − | L.M.E. p.m. Unoffic'l | + or − |
|---|---|---|---|---|
| Spot | 454.95p | +1.30 | 457.5p | −4 |
| 3 months | 461.55p | +1.50 | 470.5p | +3 |
| 6 months | 480.05p | +1.30 | — | — |
| 12 months | 503.90p | −2.28 | — | — |

LME—Turnover: 58 (54) lots of 10,000 ounces.
Three months high 471.5, low 468 a, final Kerb 469-71.

### GRAINS

Wheat remained in a narrow range around unchanged levels for most of the day but finished on a steadier note as barley rose. Barley was stronger with shippers buying against lack of physical offers as weather conditions remained poor for harvesting, reports Muirpace.

| WHEAT Mnth | Yesterday's close | + or − | BARLEY Yesterday's close | + or − |
|---|---|---|---|---|
| Sept | 98.30 | +0.50 | 99.00 | +0.40 |
| Nov | 101.70 | +0.10 | 102.40 | +0.30 |
| Jan | 105.40 | +0.05 | 106.10 | +0.25 |
| Mar | 108.50 | −0.05 | 109.05 | +0.30 |
| May | 112.10 | −0.05 | 111.85 | +0.30 |
| July | 114.95 | −0.05 | — | — |

Business done—Wheat: Sept 98.70-8.60, Nov 101.70-1.55, Jan 105.40-5.30, March 108.50 only, May 112.00 only, July untraded. Sales: 127 lots of 100 tonnes. Barley: Sept 99.00-8.70, Nov 102.40-2.20, Jan 106.10-5.90, March 109.05-8.85, May 111.75 only. Sales: 171 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 15 per cent: Sept 120.50, Oct 123.50, Nov 126.50, Dec 128.25, sellers, transhipment East Coast. U.S. No. 2 Soft Red Winter: Sept 110.25, Oct 113.50, Nov 115.25, Dec 116.25, sellers. EEC: Aug 116.50, seller. English feed, fob: Sept 1-15 99.50, paid Shoreham, Oct/Dec 104.25, Jan/March 108.25, sellers, East Coast. Maize: U.S. No. 3 Yellow/French, transhipment East Coast: Aug 136, sellers. Barley: English feed, fob: Spot 102.50 paid Dundee, Spot 102 paid Shoreham, Sept 99, seller East Coast, Oct/Dec 104.75 bid, East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 94.70, E Mids 94.50, N East 95.90, Scotland 98.70. The UK monetary coefficient for the week beginning Monday August 12 will change to 0.976.

### COCOA

Futures opened a little steadier but, despite sterling weakness, lost £20 before rallying and closing on a firm note. Producers appeared as scale-up sellers on the rallies while consumers made light purchases of forwards on the dips, reports Gill and Duffus.

| COCOA | Yesterday's Close £ per tonne | + or − | Business Done |
|---|---|---|---|
| Sept | 1715-1718 | −5.5 | 1729-1706 |
| Dec | 1718-1720 | +2.5 | 1729-1706 |
| Mar | 1795-1720 | +7.0 | 1735-1711 |
| May | 1759-1740 | +8.0 | 1747-1728 |
| July | 1754-1755 | +7.0 | 1760-1750 |
| Sept | 1768-1769 | +5.5 | 1775-1762 |
| Dec | 1778-1779 | +3.5 | 1784-1770 |

Sales: 2,805 (3,489) lots of 10 tonnes.
ICCO indicator prices (U.S. cents per pound). Daily price for August 7: 99.12 (99.47); five-day average for August 8: 99.48 (99.67).

### COTTON

LIVERPOOL—No spot or shipment sales were recorded. Business was slack and traders were content with existing supplies for the time being.

### INDICES

FINANCIAL TIMES

| Aug 6 | Aug 5 | M'th ago | Year ago |
|---|---|---|---|
| 255.33 | 254.99 | 272.67 | 291.60 |

(Base: July 1 1952 = 100)

REUTERS

| Aug. 7 | Aug. 6 | M'th ago | Year ago |
|---|---|---|---|
| 1715.7 | 1715.6 | 1726.0 | 1872.0 |

(Base: September 18 1931 = 100)

DOW JONES

| Dow Jones | Aug. 2 | Aug. 5 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 114.72 | 114.56 | — | 131.28 |
| Fut. | 114.98 | 115.39 | — | 126.40 |

(Base: December 31 1974 = 100)

### COFFEE

A steadier New York close and lower sterling produced gains of £35-45, reports Drexel Burnham Lambert. A rally in sterling erased the gains during a more active afternoon. Prices recovered towards the close to finish steady as sterling retraced.

| COFFEE | Yesterday's Close | + or − | Business Done |
|---|---|---|---|
| Sep | 1657-60 | +5.0 | 1690-60 |
| Nov | 1700-03 | +9.5 | 1132-80 |
| Jan | 1742-45 | +14.0 | 1770-20 |
| March | 1762-67 | +18.0 | 1790-54 |
| May | 1783-84 | +8.0 | 1805-65 |
| July | 1811-20 | +20.5 | 1815 |
| Sept | 1800-50 | −5.0 | — |

Sales: 3,015 (3,024) lots of 5 tonnes.
ICO indicator prices (U.S. cents per pound) for August 6: Comp. daily 1979 118.14 (118.18); 15-day average 117.48 (117.63).

### SUGAR

LONDON DAILY PRICE—Raw Sugar $127.00 (£95.50), down $2.00 (up 50p) a tonne for August-September delivery. White sugar $157.50, up $4.00.

The market was steady during the morning but fell sharply during the afternoon following aggressive selling in New York which touched off large commission house stop-loss selling, reports C. Czarnikow.

| No. 6 Contract | Yest'day's close | Previous close | Business done |
|---|---|---|---|
| | $ per tonne | | |
| Oct | 118.6-119.0 | 129.6-130.2 | 132.2-117.0 |
| Dec | 123.8-124.0 | 133.4-133.6 | 135.4-123.2 |
| Mar | 132.6-133.6 | 143.0-143.2 | 145.6-135.4 |
| May | 136.8-138.5 | 145.8-146.2 | 148.8-138.2 |
| Aug | 140.6-141.6 | 148.6-151.0 | 148.0 |
| Oct | 145.6-148.0 | 155.2-154.6 | — |

Sales: 5,672 (3,367) lots of 50 tonnes.
Tate and Lyle delivery price for granulated basis sugar was £200.60 (£199.50) a tonne for export.
International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for August 8: Daily price 4.51 (4.72); 15-day average 3.93 (3.81).

### SOYABEAN MEAL

The market opened £1.30 higher on commercial buying and prices steadied throughout the day on continued stronger physical markets, reports T. G. Roddick.

| | Yesterday close £ per tonne | + or − | Business Done |
|---|---|---|---|
| August | 118.1-118.5 | +1.05 | 118.8-117.5 |
| October | 121.5-122.5 | +1.15 | 123.0-121.5 |
| Dec | 126.0-127.0 | +1.00 | 127.0-126.5 |
| Feb | 127.8-128.0 | +0.51 | 127.5 |
| Apr | 125.8-128.0 | +0.5 | — |
| June | 128.8-129.0 | +0.5 | — |

Sales: 331 (912) lots of 20 tonnes.

### RUBBER

The London physical market attracted INRO interest, steadied on weaker sterling and closed quiet, reports Lewis and Peat. Closing prices (buyers): spot 64.50p (64.00p); Sept 62.50p (61.50p); Oct 62.50p (61.50p). The Kuala Lumpur fob price for Rss No 1 was 191.5 (191.0) cents a kg and for SMR 20 was 159.5 (160.5).

### OIL

Trading in the crude oil market was sparse and prices stable. Substantial indications of North Sea availabilities for August have led to speculation that a surplus overhangs the prompt market. Nymex WTI for September opened 2c up and traded 9c down at 1 pm EST. In the petroleum products market gas oil prices continued to rise on Continental demand. Demand for high sulphur fuel remained limited in north west Europe and prices continued stable—Petroleum Argus, London.

SPOT PRICES

| | Latest | Change + or − |
|---|---|---|
| CRUDE OIL—FOB ($ per barrel)—Aug. | | |
| Arab Light | 27.25-27.35* | — |
| Arab Heavy | 25.15-25.25* | — |
| Dubai | 25.75-25.85* | — |
| Brent Blend | 26.85-26.95* | −0.05 |
| W.T.I. (1pm est) | 27.20-27.25* | — |
| Forcados (Nigeria) | 27.10-27.20 | +0.075 |
| Urals (cif NWE) | 26.05-26.15 | — |
| PRODUCTS—North West Europe Prompt delivery cif ($ per tonne) | | |
| Premium gasoline | 275-277 | −3 |
| Gas Oil | 231-233 | +2 |
| Heavy fuel oil | 135-138 | — |
| Naphtha | 249-251 | −8 |

* September.
Petroleum Argus estimates

GAS OIL FUTURES

| Month | Yest'day's Close $ U.S. per tonne | + or − | Business Done |
|---|---|---|---|
| Aug | 232.00 | +1.50 | 232.50-31.50 |
| Sep | 233.00 | +2.00 | 225.25-20.50 |
| Oct | 227.00 | +1.50 | 227.00-28.00 |
| Nov | 227.00 | +1.50 | 227.50-26.50 |
| Dec | 227.75 | +0.75 | 227.75-27.50 |
| Jan | 227.50 | +2.50 | 227.50-27.25 |

Turnover: 1,959 (1,907) lots of 100 tonnes.

### POTATOES

The market opened slightly easier on distant months, but in thin volume recovered to unchanged by midday, with buying interest still evident at around £73.00, basis April. A slightly stronger Dutch market, together with nervous short-covering due to continued adverse weather forecasts, lifted prices during the afternoon, reports Coley and Harper.

| Month | Yesterday's close | Previous close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Nov | 57.00 | 56.30 | 57.00 |
| Feb | 64.50 | 63.00 | — |
| Apr | 74.90 | 73.40 | 74.90-73.90 |
| May | 79.80 | 79.00 | 79.70-78.90 |

Sales: 237 (193) lots of 40 tonnes.

### PIGMEAT

The deadweight futures market closed about unchanged after a tradeless day despite liveweight futures trading higher, reports CCST Commodities.

| Month | Yesterdays close | Previous close | Business done |
|---|---|---|---|
| | p. per kilo (deadweight) | | |
| Oct | 102.80 | 108.80 | — |
| Nov | 109.20 | 109.00 | — |
| Feb | 100.20 | 100.30 | — |
| April | 100.50 | 100.60 | — |
| June | 100.30 | 100.50 | — |
| Aug | 100.40 | 100.50 | — |

Sales: 0 (3) lots of 50 carcases, 3,250 kg.

### FREIGHT FUTURES

The market opened unchanged in quiet conditions and remained quiet throughout the day. This was due to inactive physical market nearby positions conflicting with active forward fixing at higher levels, reports Clarkson Wolff. The Baltic Freight Index was 711.6, down 3 points.

| | Close | High/Low | Prev |
|---|---|---|---|
| Oct. | 784.185 | 785/780 | 781.5/780 |
| Jan. | 848-852 | 848 843 | 844-845.2 |
| April | 911-915 | 910 | 911-912.5 |
| July | 850-870 | 860 | 850 860 |
| Oct. | 920-970 | — | 950.5-96 |
| Jan. | 920 1000 | — | 920-1000 |
| April | 1010 1100 | — | 1018-1065 |
| July | 880 910 | — | 800/920 |

Turnover: 65 (137).

## U.S. MARKETS

GOLD AND SILVER came under pressure in response to the weak tone to currencies and platinum, reports Heinold Commodities. Copper was steady on an oversold condition and a pick-up in physical interest. Aluminium weakened on the lack of fresh news regarding production cuts. Sugar lost ground on profit-taking and indications of light producer selling. Cocoa declined in response to continued talk of favourable crop conditions. Coffee benefited from better roaster demand. Cotton weakened on trade selling as nearby supply availability remains good. Heating oil moved moderately lower as markets expected a further moderate build-up in industry stocks.

Last night's prices were not available for this edition owing to transmission problems. The following are Tuesday's prices. We apologise for the inconvenience.

### NEW YORK

ALUMINIUM 40,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Aug | 45.10 | — | — | 45.80 |
| Sept | 45.40 | 45.80 | 45.40 | 46.10 |
| Oct | 45.70 | — | — | 46.40 |
| Dec | 46.40 | 46.75 | 46.40 | 47.10 |
| Jan | 46.75 | — | — | 47.45 |
| March | 47.40 | 47.75 | 47.45 | 48.10 |
| May | 48.10 | — | — | 48.80 |
| July | 48.80 | — | — | 49.50 |
| Sept | 49.50 | — | — | 50.25 |
| Jan | 50.90 | — | — | 51.60 |

COCOA 10 tonnes, $/tonnes

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Sept | 2073 | 2075 | 2056 | 2088 |
| Dec | 2115 | 2118 | 2100 | 2129 |
| March | 2141 | 2141 | 2125 | 2154 |
| May | 2161 | 2180 | 2151 | 2178 |
| July | 2183 | — | — | 2198 |
| Sept | 2194 | — | — | 2209 |
| Dec | 2221 | — | — | 2235 |

COFFEE "C" 37,500 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 132.88 | 133.30 | 131.70 | 132.43 |
| Dec | 135.83 | 136.25 | 134.70 | 135.42 |
| March | 137.75 | 138.05 | 136.70 | 137.48 |
| May | 139.00 | 139.05 | 137.75 | 138.70 |
| July | 139.00 | 139.50 | 138.30 | 138.90 |
| Sept | 139.25 | 139.00 | 139.00 | 139.55 |
| Dec | 139.75 | — | — | 140.25 |

COPPER 25,000 lb, cents/lb

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| August | 60.10 | — | — | 59.65 |
| Sept | 60.45 | 60.55 | 59.55 | 60.30 |
| Oct | 60.80 | — | — | 60.65 |
| Dec | 61.55 | 61.00 | 60.65 | 61.35 |
| Jan | 61.85 | — | — | 61.60 |
| March | 62.40 | 62.25 | 61.55 | 62.15 |
| May | 62.55 | 62.60 | 62.20 | 62.60 |
| July | 63.30 | 62.85 | 62.60 | 63.05 |
| Sept | 63.75 | 63.40 | 63.05 | 63.50 |
| Dec | 64.35 | 64.00 | 63.70 | 64.10 |

COTTON 50,000 lb, cents/lb

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Oct | 60.15 | 60.30 | 59.85 | 60.47 |
| Dec | 60.45 | 60.50 | 60.10 | 60.00 |
| March | 61.18 | 61.2 | 60.50 | 61.20 |
| May | 61.0 | 61.10 | 60.99 | 61.14 |
| July | 60.70 | 60.75 | 60.40 | 60.75 |
| Oct | 55.50 | 55.80 | 55.60 | 55.53 |
| Dec | 54.50 | 54.55 | 54.35 | 54.60 |

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Sept | 27.27 | 27.35 | 27.20 | 27.33 |
| Oct | 26.69 | 26.78 | 26.63 | 26.78 |
| Nov | 26.37 | 26.38 | 26.28 | 26.39 |
| Dec | 26.09 | 26.11 | 26.01 | 26.08 |
| Jan | 25.90 | 25.88 | 25.75 | 25.82 |
| Feb | 25.60 | 25.65 | 25.60 | 25.62 |
| March | 25.40 | 25.45 | 25.35 | 25.43 |
| April | 25.30 | — | — | 25.28 |
| May | 25.00 | 25.00 | 25.00 | 25.11 |
| June | 24.85 | 24.71 | 24.68 | 24.98 |

GOLD 100 troy oz, $/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| August | 320.7 | 321.5 | 319.0 | 322.7 |
| Sept | 322.5 | — | — | 324.5 |
| Oct | 324.5 | 325.0 | 322.5 | 326.4 |
| Dec | 328.8 | 329.4 | 327.0 | 330.8 |
| Feb | 333.0 | 333.7 | 331.5 | 335.0 |
| April | 337.4 | 336.8 | 335.5 | 339.4 |
| June | 42.3 | 340.8 | 340.8 | 344.3 |
| August | 347.3 | 347.0 | 347.0 | 349.3 |
| Oct | 352.5 | — | — | 354.5 |
| Dec | 357.8 | 357.0 | 357.0 | 359.9 |
| Feb | 363.5 | — | — | 365.5 |
| April | 368.2 | — | — | 371.2 |
| June | 375.1 | — | — | 377.1 |

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Sept | 71.50 | 71.80 | 71.00 | 71.90 |
| Oct | 72.10 | 72.55 | 71.80 | 72.41 |
| Nov | 73.00 | 73.25 | 72.50 | 73.21 |
| Dec | 73.60 | 73.95 | 73.20 | 73.81 |
| Jan | 74.10 | 74.25 | 73.65 | 74.22 |

ORANGE JUICE 15,000 lb, cents/lb

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Sept | 135.45 | 136.25 | 135.25 | 134.85 |
| Nov | 132.00 | 132.75 | 131.30 | 130.90 |
| Jan | 128.00 | 128.00 | 127.00 | 126.90 |
| March | 127.40 | 127.00 | 126.50 | 126.55 |
| May | 126.8 | — | — | 126.25 |
| July | 126.80 | 127.75 | 127.75 | 126.25 |

PLATINUM 50 troy oz, $/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 278.8 | 281.8 | 276.5 | 284.0 |
| Jan | 283.3 | 285.5 | 281.0 | 288.8 |
| April | 288.2 | 291.0 | 287.5 | 238.8 |
| July | 293.4 | 293.2 | 291.5 | 298.2 |
| Oct | 298.8 | — | — | 304.7 |

SILVER 5,000 troy oz, cents/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| August | 612.9 | 611.0 | 611.0 | 615.0 |
| Sept | 615.5 | 618.0 | 611.0 | 620.0 |
| Oct | 620.9 | 623.0 | 618.0 | 624.0 |
| Dec | 629.0 | 630.5 | 623.0 | 632.5 |
| Jan | 633.0 | — | — | 637.5 |
| March | 642.1 | 643.0 | 639.0 | 648.2 |
| May | 651.1 | 650.0 | 647.0 | 655.4 |
| July | 660.7 | 660.2 | 658.0 | 665.2 |
| Sept | 670.0 | 670.0 | 670.0 | 675.6 |
| Dec | 686.0 | — | — | 691.5 |

SUGAR WORLD "11" 112,000 lb, cents/lb

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Sept | 4.47 | 4.75 | 4.45 | 4.75 |
| Oct | 4.73 | 4.94 | 4.68 | 4.91 |
| Jan | 4.91 | 5.15 | 4.95 | 5.08 |
| March | 5.37 | 5.49 | 5.20 | 5.45 |
| May | 5.51 | 5.58 | 5.36 | 5.58 |
| July | 5.69 | 5.78 | 5.80 | 5.78 |
| Sept | 5.70 | — | — | 5.76 |
| Oct | 5.90 | 6.01 | 5.82 | 5.98 |

### CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| August | 54.40 | 55.20 | 54.20 | 54.47 |
| Oct | 57.45 | 57.87 | 57.15 | 57.46 |
| Dec | 55.17 | 59.80 | 58.90 | 59.47 |
| Feb | 59.87 | 60.60 | 59.62 | 60.55 |
| April | 60.85 | 61.60 | 60.80 | 61.55 |
| June | 61.87 | 62.75 | 61.80 | 62.75 |
| August | 61.00 | 61.50 | 60.90 | 61.50 |

LIVE HOGS 30,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| August | 45.42 | 45.66 | 45.20 | 45.55 |
| Oct | 40.65 | 41.15 | 40.50 | 41.20 |
| Dec | 42.77 | 43.30 | 42.57 | 43.40 |
| Feb | 43.87 | 44.45 | 43.85 | 44.45 |
| April | 40.97 | 41.30 | 40.80 | 41.30 |
| June | 43.57 | 43.95 | 43.50 | 43.80 |
| July | 43.90 | 44.30 | 43.80 | 44.30 |
| August | 42.10 | 42.10 | 42.10 | 43.25 |
| Oct | 41.02 | 41.10 | 40.80 | 41.19 |

MAIZE 5,000 bu min, cents/56lb-bushel

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 226.6 | 228.0 | 226.2 | 226.6 |
| Dec | 224.0 | 225.2 | 223.0 | 226.2 |
| March | 232.2 | 233.8 | 232.0 | 234.0 |
| May | 235.5 | 236.8 | 235.2 | 238.0 |
| July | 234.4 | 236.4 | 233.2 | 237.4 |
| Sept | 225.2 | 227.0 | 225.0 | 228.0 |
| Dec | 221.6 | 223.0 | 221.2 | 224.2 |

PORK BELLIES 38,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| August | 55.37 | 57.15 | 55.10 | 56.80 |
| Feb | 61.72 | 63.40 | 61.40 | 63.37 |
| March | 61.37 | 62.70 | 61.02 | 63.02 |
| May | 62.90 | 63.55 | 62.70 | 64.30 |
| July | 62.80 | 63.55 | 62.77 | 64.40 |
| August | 61.22 | 61.80 | 61.10 | 62.75 |

SOYABEANS 5,000 bu min, cents/60lb-bushel

| | Close | High | Low | Prev |
|---|---|---|---|---|
| August | 527.0 | 527.4 | 519.4 | 522.2 |
| Sept | 520.2 | 522.0 | 515.0 | 518.2 |
| Nov | 524.6 | 536.0 | 520.0 | 523.4 |
| Jan | 533.0 | 534.0 | 529.2 | 534.0 |
| March | 543.0 | 544.0 | 538.4 | 544.2 |
| May | 548.0 | 551.0 | 546.0 | 551.4 |
| July | 548.0 | 552.0 | 547.0 | 553.0 |
| August | 546.0 | 547.0 | 545.0 | 548.0 |
| Sept | 537.0 | 539.0 | 537.0 | 539.0 |

SOYABEAN MEAL 100 tons, $/ton

| | Close | High | Low | Prev |
|---|---|---|---|---|
| August | 125.1 | 125.8 | 123.5 | 123.7 |
| Sept | 126.8 | 127.5 | 124.7 | 125.2 |
| Oct | 127.3 | 128.0 | 125.6 | 126.2 |
| Dec | 129.7 | 130.2 | 127.0 | 128.6 |
| Jan | 130.8 | 131.0 | 128.2 | 130.5 |
| March | 132.2 | 133.5 | 131.0 | 131.3 |
| May | 132.7 | 135.1 | 132.5 | 132.5 |
| July | 135.5 | 137.0 | 134.0 | 136.5 |
| August | 135.7 | — | — | 137.0 |

SOYABEAN OIL 60,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| August | 23.90 | 23.92 | 23.50 | 23.80 |
| Sept | 23.83 | 23.90 | 23.50 | 23.80 |
| Oct | 23.79 | 23.85 | 23.50 | 23.72 |
| Dec | 23.65 | 23.80 | 23.41 | 23.68 |
| Jan | 23.65 | 23.79 | 23.60 | 23.74 |
| March | 23.68 | 23.85 | 23.68 | 23.95 |
| May | 23.73 | 23.85 | 23.70 | 24.03 |
| July | 23.75 | 24.00 | 23.75 | 23.98 |
| August | 23.80 | 23.90 | 23.67 | 23.79 |
| Sept | 23.58 | 23.85 | 23.40 | 23.75 |

WHEAT 5,000 bu min, cents/60 lb-bushel

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 288.4 | 288.0 | 283.6 | 287.4 |
| Dec | 296.6 | 297.5 | 294.0 | 297.2 |
| March | 288.6 | 299.0 | 296.4 | 297.8 |
| May | 289.0 | 288.6 | 286.4 | 287.9 |
| July | 269.0 | 269.2 | 267.2 | 268.2 |
| Sept | 271.6 | — | — | 271.4 |

SPOT PRICES—Chicago loose lard 11.50 (12.00) cents per pound. New York tin 571.0-75.0 (579.0-80.0) cents per pound. Handy and Harman silver bullion 611.0 (617.0) cents per troy ounce.

## OTHER MARKETS

### MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 97.32p per kg lw (+1.52). GB—Sheep 162.31p per kg est dcw (+3.96). GB—Pigs 77.53p per kg lw (+1.91).

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 76.0 to 81.0; English forequarters 53.0 to 51.0; Ulster hindquarters 88.0 to 92.0. Veal—Dutch hinds and ends 139.0 to 144.0. Lamb—English small 68.0 to 76.0, medium 66.0 to 72.0, heavy 64.0 to 68.0; Scotch medium 66.5 to 69.0, heavy 63.5 to 65.0; Imported: New Zealand PL 64.5 to 65.5, PX 65.0 to 65.5. Pork—English under 100 lb 49.5 to 56.0, 100-120 lb 48.5 to 55.0, 160-180 lb 43.0 to 48.0.

### WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg: Oct 610.0, 615.0; Dec 615.0, 617.0; March 623.0, 626.0; May 630.0, 636.0; July 633.0, 638.0; Oct 625.0, 636.0; Dec 630.0, 643.0; March 632.0, 650.0. Sales: Nil.

### HIDES

HIDES—Manchester, Leeds (Birmingham). Second clears. Ox: 31-35.5 kg, 89.3p a kg, 89.0p (86.2p withdrawn); 26-30.5 kg, 104.0p a kg, 104.1p (99.0p); 22-25.5 kg, 109.6p a kg, 109.5p (101.5p). Cows: under 25.5 kg, 105.6p a kg, 100.5p withdrawn (98.1p).

### ROTTERDAM

WHEAT—(U.S. $ per tonne) U.S. No. 2 Red Winter: Sept 128, Oct 132, Nov 134, Dec 135. U.S. Northern Spring, 14 per cent protein: Aug 147.50, Sept 144.25, Oct 148, Nov 150.50. U.S. Northern Spring, 15 per cent protein: Aug 156, Sept 153.50, Oct 157.50, Nov 150.50. U.S. No. 3 Hard Amber Durum: Aug 148, Sept 148, Oct 156, Nov 159. Canadian Western Red Spring, 13.5 per cent: Aug 156.50, Sept 157.50, Oct 158.50. Canadian No. 1 Western Amber Durum: Sept 170, Oct 174, mid-Nov/mid-Dec 176.

# CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar and pound weaken

The dollar finished slightly weaker on the day as attention continued to centre on the U.S. currency's value against sterling. Demand for the dollar has been underpinned this week by the U.S. Treasury's record $21.75bn refunding programme but there are signs of growing nervousness about the U.S. economy and the dollar's ability to maintain its present levels. The record second quarter U.S. balance of payments deficit of $33.42bn was up from a revised $29.56bn in the first quarter, but was rather better than feared and had little impact. On the other hand once the present programme of Treasury auction is complete interest is likely to return to economic performance and there is no sign as yet this will improve during the second half of the year, after a disapointing first six months.

Against a rather confused background, where some dealers felt the dollar was around its peak at DM 2.8665, while others anticipated levels above DM 2.90 in the near future, the U.S. currency eased to DM 2.8460 from DM 2.8490, SwFr 2.36 from SwFr 2.3625; and Y238.35 from Y238.45, but was unchanged at FFr 8.69.

On Bank of England figures the dollar's index fell to 138.2 from 138.4.

STERLING — Trading range against the dollar in 1985 is 1.4290 to 1.0525. July average 1.3783. Exchange rate index fell 0.1 to 80.2. It opened at 80.1, and fell to a low of 79.5 at 11 am, before recovering to a peak of 803 after lunch.

Sterling lost further ground, but recovered from a sharp early morning fall. After touching a low of $1.3255 the Bank of England may have intervened, and the pound was slightly stronger overall by noon. It lost lost ground in the afternoon again, closing 80 points down at $1.3380-1.3390. Despite the halt of the lower trend in London interest rates sterling remained the obvious currency to sell after its recent sharp rise, for those moving back into the dollar. The pound also fell to DM 3.8150 from DM 3.8325; FFr 11.63 from FFr 11.68; SwFr 3.1650 from SwFr 3.1825; and Y319 from Y321.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.8055. July average 2.9134. Exchange rate index 125.5 against 119.7 six months ago.

The D-mark improved slightly against the dollar in Frankfurt yesterday, encouraged by sterling's recovery against the U.S. currency. The dollar closed at DM 2.8435 compared with DM 2.85025 on Tuesday. Earlier in the day the dollar was firm, when it was fixed at DM 2.8612, against DM 2.8394 previously. Movements of the D-mark were strongly influenced by fluctuations in the pound's value against the dollar. In early trading the dollar rose to a peak of DM 2.8665, but dealers then showed signs of nervousness, cutting out long positions, and taking the U.S. currency back to DM 2.8525. Dealers in Frankfurt were also suspicious that intervention by the Bank of England may have led to a weakening of the dollar. Sterling opened at DM 3.83, but fell back to DM 3.7960, before being fixed at DM 3.8220, compared with DM 3.8410. Call money fell to 4.5 per cent on the money market, level with the present German discount rate, as speculation increased that next week's Bundesbank council meeting will result in a cut in leading interest rates.

### STERLING INDEX

| | Aug 7 | Previous |
|---|---|---|
| 8.30 am | 80.1 | 81.4 |
| 9.00 am | 79.9 | 81.4 |
| 10.00 am | 79.9 | 81.0 |
| 11.00 am | 79.5 | 80.8 |
| Noon | 79.8 | 80.6 |
| 1.00 pm | 80.3 | 80.5 |
| 2.00 pm | 80.0 | 80.5 |
| 3.00 pm | 80.3 | 80.4 |
| 4.00 pm | 80.2 | 80.3 |

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu August 7 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 44.8320 | 44.8613 | +0.07 | +0.63 | ±1.5425 |
| Danish Krone | 8.12857 | 8.02794 | −1.24 | −0.68 | ±1.6421 |
| German D-mark | 2.23840 | 2.22646 | −0.53 | +0.03 | ±1.1455 |
| French Franc | 6.85402 | 6.78807 | −1.11 | −0.55 | ±1.3654 |
| Dutch Guilder | 2.52208 | 2.50506 | −0.67 | −0.11 | ±1.5162 |
| Irish Punt | 0.724578 | 0.713114 | −1.58 | −1.02 | ±1.6672 |
| Italian Lira | 1520.60 | 1483.18 | −2.46 | −2.38 | ±4.0856 |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### £ IN NEW YORK

| | Aug. 7 | Prev. close |
|---|---|---|
| £ Spot | $1.3375-1.3385 | $1.3408-1.3410 |
| 1 month | 0.42-0.40 pm | 0.45-0.44pm |
| 3 months | 1.15-1.12 pm | 1.09-1.06pm |
| 12 months | 2.70-2.58 pm | 2.52-2.42pm |

Forward premiums and discounts apply to the U.S. dollar

### POUND SPOT—FORWARD AGAINST POUND

| August 7 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.3255-1.3500 | 1.3380-1.3390 | 0.42-0.39c pm | 3.63 | 1.15-1.12pm | 3.39 |
| Canada | 1.8075-1.8314 | 1.8200-1.8300 | 0.01c pm-par | 0.03 | 0.02pm-par | 0.02 |
| Nethlnd. | 4.27¾-4.30½ | 4.28¾-4.29¾ | 2⅛-1⅞c pm | 5.60 | 6⅛-5⅞pm | 5.86 |
| Belgium | 76.55-77.25 | 76.70-76.80 | 17-9c pm | 2.03 | 40-28pm | 1.77 |
| Denmark | 13.71¾-13.80½ | 13.75-12.76 | 4⅞-3ore pm | 3.11 | 9¼-7⅞pm | 2.38 |
| Ireland | 1.2161-1.2262 | 1.2195-1.2205 | 0.19-0.04p pm | 1.13 | 0.56-0.35pm | 1.49 |
| W. Ger. | 3.80½-3.83 | 3.91-3.82 | 2⅝-2⅜pf pm | 3.88 | 6⅞-6⅝pm | 6.88 |
| Portugal | 223-227½ | 223-226 | 55-395c dis | −12.03 | 400-1410d | −16.12 |
| Spain | 222½-224½ | 222½-223½ | 60-185c dis | −6.86 | 285-540dis | −7.22 |
| Italy | 2,534¼-2,552¾ | 2,538½-2,537½ | 5-12lira dis | −4.02 | 15-23dis | −3.00 |
| Norway | 11.16½-11.24¾ | 11.19½-11.20½ | ⅞-1ore dis | −0.87 | 2⅝-3dis | −0.94 |
| France | 11.59-11.70¾ | 11.62½-11.63½ | 1⅞-2½c pm | 0.64 | 1⅞-2⅞dis | −0.49 |
| Sweden | 11.25¾-11.32½ | 11.27-11.28 | 3⅞-4ore dis | −3.86 | 9-9½dis | −3.33 |
| Japan | 318-320¾ | 318½-319½ | 1.51-1.41y pm | 5.48 | 4.20-4.10pm | 5.20 |
| Austria | 26.73-26.94 | 26.73-26.80 | 14¼-13⅞gro pm | 6.28 | 40⅝-36⅞pm | 5.72 |
| Switz. | 3.14¾-3.17 | 3.16-3.17 | 2-1⅞c pm | 7.36 | 5⅞-5⅝pm | 6.87 |

Six-month forward dollar 1.87-1.82 pm. 12-month 2.75-2.60c pm. Belgian rate is for convertible francs. Financial franc 57.80-57.90.

### DOLLAR SPOT—FORWARD AGAINST DOLLAR

| August 7 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.3255-1.3500 | 1.3380-1.3390 | 0.42-0.39c pm | 3.63 | 1.15-1.12pm | 3.39 |
| Ireland† | 1.0902-1.1000 | 1.0956-1.0964 | 0.28-0.18c pm | 2.53 | 0.60-0.46pm | 1.92 |
| Canada | 1.3583-1.3620 | 1.3606-1.3612 | 0.11-0.14c dis | −1.10 | 0.32-0.37dis | −1.02 |
| Nethlnd. | 3.1900-3.2265 | 3.1985-3.1995 | 0.52-0.49c pm | 1.88 | 1.83-1.79pm | 2.25 |
| Belgium | 57.20-57.70 | 57.25-57.25 | 18-25c dis | −4.48 | 35-50dis | −2.95 |
| Denmark | 10.23-10.32¾ | 10.26¾-10.26¾ | ⅞-1ore dis | −9.87 | ¾-1⅛dis | −0.39 |
| W. Ger. | 2.8350-2.8665 | 2.8455-2.8465 | 0.82-0.77pf pm | 3.34 | 2.49-2.44pm | 3.45 |
| Portugal | 168½-170 | 168½-169 | 100-350c dis | −15.93 | 450-1200d | −19.47 |
| Spain | 166.35-167.63 | 166.90-167.10 | 100-250c dis | −12.53 | 300-500dis | −9.55 |
| Italy | 1,893-1,910 | 1,893½-1,894½ | 7½-9lire dis | −5.21 | 24-26½dis | −5.31 |
| Norway | 8.36-8.47¾ | 8.38½-8.39½ | 3-3½ore dis | −4.65 | 9-9½dis | −4.41 |
| France | 8.66½-8.73¾ | 8.68½-8.69½ | 2⅛-2⅝c dis | −3.44 | 8-9dis | −3.90 |
| Sweden | 8.40½-8.48 | 8.42-8.42½ | 5⅝-5⅞ore dis | −7.81 | 14-14½dis | −6.74 |
| Japan | 237.15-239.50 | 238.30-238.40 | 0.37-0.33y pm | 1.76 | 1.16-1.11pm | 1.90 |
| Austria | 19.94-20.13¾ | 19.96-20.00 | 4⅞-3½gro pm | 2.32 | 12½-10pm | 2.24 |
| Switz. | 2.3460-2.3785 | 2.3595-2.3605 | 0.73-0.67c pm | 3.56 | 2.12-2.06pm | 3.55 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 77.35-77.50.

### OTHER CURRENCIES

| Aug. 7 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Austl. | 1.0736-1.0766 | 0.8000-0.8010 | Austria | 26.60-26.00 |
| Australia Dollar | 1.9015-1.9055 | 1.4165-1.4175 | Belgium | 76.70-77.50 |
| Brazil Cruzeiro | 8,749-8,790 | 6,530-6,540 | Denmark | 13.81-13.75 |
| Finland Markkay | 8.1045-8.1300 | 6.0310-6.0330 | France | 11.53-11.66 |
| Greek Drachma | 176.06-179.55 | 131.95-134.60 | Germany | 3.78-3.82 |
| HongKong Dollar | 10.4625-10.4725 | 7.7850-7.7880 | Italy | 2500-2550 |
| Iran Rial | 122.60* | 89.60* | Japan | 318-321 |
| KuwaitDinar(KD) | 0.4073-0.4080 | 0.30280-0.30295 | Netherlands | 4.25½-4.30½ |
| LuxembourgFr. | 76.70-76.80 | 57.25-57.35 | Norway | 11.11-11.22 |
| Malaysia Ringgit | 3.3100-3.3200 | 2.4635-2.4655 | Portugal | 218-230 |
| NewZealand Dlr. | 2.5485-2.5560 | 1.8955-1.8995 | Spain | 214½-223 |
| Saudi Arab Riyal | 4.9140-4.0185 | 3.6510-3.6510 | Sweden | 11.19-11.30 |
| Singapore Dollar | 2.9600-2.9700 | 2.2030-2.2050 | Switzerland | 3.11¼-3.14¼ |
| Sth African Rand | 2.9670-3.0045 | 2.2200-2.2245 | United States | 1.32-1.34 |
| U.A.E. Dirham | 4.9420-4.9450 | 3.6720-3.6730 | Yugoslavia | 375-400 |

* Selling rate.

### CURRENCY MOVEMENTS

| Aug. 7 | Bank of England Index | Morgan Guaranty Change % |
|---|---|---|
| Sterling | 80.2 | −10.4 |
| U.S. dollar | 138.2 | +25.3 |
| Canadian dollar | 86.3 | −7.6 |
| Austrian schilling | 115.9 | +4.6 |
| Belgian franc | 81.1 | −10.0 |
| Danish Kroner | 78.2 | −4.5 |
| Deutsche mark | 125.5 | +5.4 |
| Swiss franc | 146.4 | +11.1 |
| Guilder | 116.7 | +4.0 |
| French franc | 67.0 | −14.0 |
| Lire | 44.8 | −18.5 |
| Yen | 158.3 | +14.1 |

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

### CURRENCY RATES

| Aug. 7 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | 0.765899 | 0.581282 |
| U.S. $ | 7½ | 1.02256 | 0.779790 |
| Canadian $ | 9.61 | * | 1.05958 |
| Austria Sch. | 4½ | 20.5647 | 15.6426 |
| Belgian Fr. | 10 | 58.8438 | 44.8613 |
| Danish Kr. | 7 | 10.5411 | 8.02794 |
| D mark | 4½ | 2.99503 | 2.22646 |
| Guilder | 5½ | 3.28836 | 2.50506 |
| French Fr. | 9½ | 8.90786 | 6.78807 |
| Lira | 15½ | 1947.53 | 1483.15 |
| Yen | 5 | 244.360 | 185.292 |
| Norway Kr. | 8 | 8.59546 | 6.53542 |
| Span'h Pta. | — | 171.359 | 150.420 |
| Swedish K. | 10½ | 8.63585 | 6.58143 |
| Swiss Fr. | 4 | 2.41368 | 1.85734 |
| Greek Dr'ch | 20½ | 156.305 | 103.665 |
| Irish Punt | 13½ | N/A | 0.713114 |

* CS/SDR rate for August 6: 1.39369.

### EXCHANGE CROSS RATES

| Aug. 7 | Pound Sterling | U.S. Dollar | Deutschemark | Japanese Yen | French Franc | Swiss Franc | Dutch Guild | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 1.339 | 3.815 | 319.0 | 11.63 | 3.165 | 4.288 | 2537. | 1.826 | 76.75 |
| U.S. Dollar | 0.747 | 1. | 2.846 | 238.4 | 8.690 | 2.360 | 3.199 | 1894. | 1.363 | 57.30 |
| Deutschemark | 0.262 | 0.351 | 1. | 83.62 | 3.048 | 0.830 | 1.124 | 665.0 | 0.478 | 20.12 |
| Japanese Yen 1,000 | 3.135 | 4.196 | 11.96 | 1000. | 36.46 | 9.922 | 13.44 | 7953. | 5.721 | 240.6 |
| French Franc 10 | 0.860 | 1.151 | 3.280 | 274.3 | 10. | 2.721 | 3.687 | 2181. | 1.569 | 65.99 |
| Swiss Franc | 0.316 | 0.423 | 1.205 | 100.8 | 3.675 | 1. | 1.355 | 801.9 | 0.577 | 24.25 |
| Dutch Guilder | 0.235 | 0.312 | 0.890 | 74.40 | 2.713 | 0.738 | 1. | 591.7 | 0.426 | 17.90 |
| Italian Lira 1,000 | 0.394 | 0.528 | 1.504 | 125.7 | 4.584 | 1.248 | 1.690 | 1000. | 0.719 | 30.25 |
| Canadian Dollar | 0.548 | 0.733 | 2.090 | 174.8 | 6.373 | 1.734 | 2.349 | 1390. | 1. | 42.05 |
| Belgian Franc 100 | 1.303 | 1.744 | 4.971 | 410.0 | 15.15 | 4.124 | 5.586 | 3306. | 2.378 | 100. |

### EURO-CURRENCY INTEREST RATES (Market closing rates)

| Aug. 7 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | D-mark | French Franc | Italian Lira | Belgian Franc Conv. | Belgian Franc Fin. | Yen | Danish Krone |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Short-term | 11⅛-11⅜ | 7¾-7⅞ | 8⅛-8⅝ | 6-6¼ | — | — | 8½-8¾ | 15-25 | 7⅞-8⅜ | 7⅝-7⅞ | 6⅛-6¼ | 8⅞-9⅜ |
| 7 days' notice | 11½-11¾ | 7 11/16-7 13/16 | 8⅛-8¾ | 6-6¼ | — | — | 8¾-10 | 10½-18⅞ | 8¼-8¼ | 8⅝-8⅝ | 6 3/16-6 5/16 | 9⅝-9⅞ |
| Month | 11 7/16-11¾ | 7⅞-8 | 8⅝-8⅞ | 6-6⅛ | 4⅜-4½ | 4 7/16-4 9/16 | 11-11¼ | 15½-17 | 9⅝-10⅛ | 8-8⅛ | 6¼-6⅜ | 8¾-9¼ |
| Three months | 11⅝-11 13/16 | 8 1/16-8 3/16 | 8 11/16-9 3/16 | 5⅞-6 | 4 7/16-4 9/16 | 4⅝-4¾ | 11⅞-12⅛ | 14¼-16⅛ | 9½-10⅛ | 8⅝-9⅛ | 6 5/16-6⅜ | 8¼-8¼ |
| Six months | 11 7/16-11 9/16 | 8¼-8⅜ | 9 5/16-9 13/16 | 6⅞-6 | 4⅜-4⅞ | 4¾-4⅞ | 11⅞-12⅛ | 14¼-15 | 9⅝-10⅛ | 9½-9⅝ | 6¼-6⅜ | 8¼-9¼ |
| One year | 11 5/16-11 7/16 | 8⅝-8⅞ | 9⅝-9⅞ | 5⅞-6 | 4 7/16-4 11/16 | 4⅞-5 | 11⅞-12⅛ | 14⅜-16 | 10-10½ | 9 1/16-9 11/16 | 6¼-6⅜ | 9¼-9⅜ |

Asian $ (closing rates in Singapore): Short-term 7¾-7⅞ per cent; seven days 7⅞-8 per cent; one month 7 15/16-8 1/16 per cent; three months 8⅛-8¼ per cent; six months 8 3/16-8 5/16 per cent; one year 8⅜-8⅞ per cent. Long-term Eurodollars: two years 9⅜-9⅞ per cent; three years 10⅛-10⅜ per cent; four years 10⅜-10⅝ per cent; five years 10⅝-10⅞ per cent nominal. Short-term rates are call for U.S. dollar and Japanese yen; others two days' notic.

## MONEY MARKETS

# UK short term rates ease

Short term interest rates were easier yesterday, bringing them more into line with the current level of base rates. However there was little expectation of an early cut in base rates with technical factors encouraging the market to sell bills to the Bank of England in the face of a very large shortage. Overnight interbank money finished as low as 2 per cent while the three-month rate was marginally easier at 11 7/16-11 9/16 per cent compared with 11½-11⅝ per cent. Three-month eligible bank bills were bid at 11 5/16 per cent from 11 11/32-11⅜ per cent.

**UK clearing banks base-lending rate 11½ per cent since July 30.**

The Bank of England forecast a shortage of around £1,000m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £577m and the unwinding of previous sale and repurchase agreements a further £571m. There was also a rise in the note circulation of £80m and banks brought forward balances £100m below target. These were partly offset by Exchequer transactions which added £350m.

To help alleviate the shortage the Bank offered an early round of assistance which totalled £849m and comprised purchases of £40m of eligible bank bills in band 1 (up to 14 days) at 11⅜ per cent and £251m in band 2 (15-33 days) at 11 5/16 per cent. In band 3 (34-63 days) it bought £84m of local authority bills and £251m of eligible bank bills at 11¼ per cent. In band 4 (64-91 days) it bought £243m of eligible bank bills at 11 3/16 per cent.

The forecast was later revised to a shortage of £1,050m before taking into account the early help and the Bank gave additional assistance in the morning of £191m, comprising purchases of £141m eligible bank bills in band 2 at 11 5/16 per cent and £50m in band 3 at 11¼ per cent. The shortage was revised once more to £1,100m and afternoon help was made up of purchases of £50m of eligible bank bills in band 2 at 11 5/16 per cent. Total help was £1,090m.

### MONEY RATES

| Aug. 7 | Frankfurt | Paris | Zurich | Amst'dam | Tokyo | Milan | Brussels | Dublin |
|---|---|---|---|---|---|---|---|---|
| Overnight | 4.45-4.55 | 9⅝ | 3⅜-3⅝ | 2½-5 1/16 | 6.15625 | 13⅞-14¼ | 10.60 | 11¼-11½ |
| One Month | 4.75-5.00 | 9 11/16-9 13/16 | 4⅜-4½ | 6-6 1/16 | 6.34375 | 14⅜-14¾ | 9-9¼ | 10⅝-10⅞ |
| Two Months | 4.75-5.00 | 9¾-9⅞ | — | — | — | — | — | 10½-10¾ |
| Three Months | 4.75-5.00 | 9 11/16-9 13/16 | 4⅜-4¾ | 5⅞-6 | 6.25125 | 14⅝-15 | 9⅞-9⅝ | 10⅜-10⅝ |
| Six Months | 4.80-4.95 | 9 15/16-10 1/16 | — | 5⅞-6 | — | — | 9½-9¾ | 10¼-10½ |
| Lombard | 6.0 | — | — | — | — | — | — | — |
| Intervention | — | 9⅝ | — | 6⅝ | — | — | — | — |

### LONDON MONEY RATES

**Discount Houses Deposit and Bill Rates**

| Aug. 7 1985 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Company Deposits | Market Deposits | Treasury (Buy) | Treasury (Sell) | Eligible Bank (Buy) | Eligible Bank (Sell) | Fine Trade (Buy) |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 2-12 | 10¼-11½ | 7-11¾ | 5-11½ | — | — | — | — | — |
| 2 days notice | — | — | 11½-11⅝ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 11-12 | 11½-11⅝ | 11⅝-12¼ | 11¼-11½ | — | — | — | — | — |
| One month | 11 11/16-11⅝ | 11⅝-11⅞ | 11 13/16 | 12 | 11½ | 11 11/16 | 11 5/16 | 11 5/16 | 11¼ | 11 15/16 |
| Two months | 11⅝-11 9/16 | 11½-11¾ | 11 9/16 | 11⅞ | 11 | 11¼ | 11 3/16 | 11¼ | 11⅛ | 11⅞ |
| Three months | 11½-11⅜ | 11 7/16-11 9/16 | 11½ | 11¾ | 10¾ | 11 3/16 | 10 15/16 | 11 3/16 | 11 1/16-11⅛ | 11 13/16 |
| Six months | 11 1/16-10 15/16 | 11 7/16-11½ | 11 5/16 | — | — | — | — | 10 15/16 | 10 15/16 | 11 5/16 |
| Nine months | 10⅞-10¾ | 11¼-11⅜ | — | — | — | — | — | — | — | — |
| One year | 10 13/16-10 11/16 | 11 15/16-11¼ | 11 | — | — | — | — | — | — | — |

| | Local Auth. negotiable bonds | Local Authority Deposits | Finance House Deposits | $ Cert of Deposits | SDR Linked Deposits | ECU Linked Deposits |
|---|---|---|---|---|---|---|
| One month | 12 1/16-11 13/16 | — | 11⅝ | 7.8-7.9 | 7 11/16-7 13/16 | 8⅞-9 |
| Two months | 12-11¾ | — | 11 9/16 | 7.8-8.0 | 7 13/16-8 1/16 | 8 15/16-9 1/16 |
| Three months | 11⅞-11⅝ | — | 11 9/16 | 7.9-8.0 | 7⅞-8⅛ | 8 15/16-9 1/16 |
| Six months | 11¾-11½ | — | 11¼ | 8.1-8.2 | 8⅛-8¼ | 9-9⅛ |
| Nine months | 11½-11¼ | — | 11 3/16 | 8.45-8.55 | — | — |
| One year | 11¼-11 | — | 11⅛ | 8.6-8.7 | 8¼-8½ | 9 1/16-9 3/16 |
| Two years | — | 11 | — | — | — | — |
| Three years | — | 11⅛ | — | — | — | — |
| Four years | — | 11⅛ | — | — | — | — |
| Five years | — | 11⅛ | — | — | — | — |

ECGD Fixed Finance IV: Average Rate of Interest period July 3 to August 6 (inclusive): 11.989 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 12½ per cent from August 1 1985. London and Scottish Clearing Bank Rates for lending 11½ per cent. Bank Deposit Rates for sums at seven days' notice 9.25-6.625 per cent (net). Treasury Bills: Average tender rate of discount 10.9767 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11½ per cent; one-three months 11¼ per cent; three-six months 11 per cent; six-nine months 10¾ per cent; nine-12 months 10½ per cent. Under £100,000 10¼ per cent from July 29. Deposits held under Series 5 10¾ per cent. The rate for all deposits withdrawn for cash 7½ per cent.

### FT LONDON INTERBANK FIXING

(11.00 a.m. Aug. 7)

3 months U.S. dollars

| bid 8 1/16 | offer 8 3/16 |
|---|---|

6 months U.S. dollars

| bid 8 1/4 | offer 8 3/8 |
|---|---|

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### MONEY RATES

**NEW YORK (Lunchtime)**

| | |
|---|---|
| Prime rate | 9½ |
| Broker loan rate | 9¼ |
| Fed funds | 7⅞ |
| Fed funds at intervention | — |

**Treasury Bills**

| | |
|---|---|
| One-month | 6.70 |
| Two-month | 7.00 |
| Three-month | 7.21 |
| Six-month | 7.45 |
| One-year | 7.60 |

**Treasury Bonds**

| | |
|---|---|
| Two-year | 99 15/32 |
| Three-year | 99 29/32 |
| Four-year | 99⅝ |
| Five-year | 99⅞ |
| Seven-year | 99⅛ |
| 10-year | 103 19/32 |
| 30-year | 104 17/32 |

## FINANCIAL FUTURES

# Gilts recover

Sterling-based instruments recovered from a weaker start in the London International Financial Futures Exchange yesterday, following a recovery by sterling in the afternoon. Early quotations were marked down in the gilts sector as sterling declined and despite some buying, values touched the day's lows before coming back on a better pound. The latter's recovery caught a few people off balance and prompted short covering.

Consequently values finished close to the day's highs with underlying sentiment still showing an overall bullish tendency. Short sterling reacted in much the same way, with trading currently influenced by the relationship between sterling and interest rates.

Euro-dollar prices traded within a very narrow range during the morning. Tuesday's auction of U.S. Treasury bills had gone much as expected although rumours of a poor reception to last night's 10-year auction tended to prompt some selling. However most traders were treading water to await the outcome of today's 30-year auction, regarded as a crucial indicator. Federal funds failed to provide any fresh impetus, opening as expected around the 7 11/16 per cent level.

### LONDON

**THREE-MONTH EURODOLLAR $1m points of 100%**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 91.70 | 91.73 | 91.68 | 91.73 |
| Dec | 91.23 | 91.25 | 91.21 | 91.25 |
| March | 90.81 | 90.84 | 90.80 | 90.82 |
| June | 90.42 | 90.45 | 90.41 | 90.43 |
| Sept | 90.05 | 90.07 | 90.07 | 90.07 |

Est volume 3,622 (4,142)
Previous day's open int 20,334 (20,149)

**THREE-MONTH STERLING £500,000 points of 100%**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 88.83 | 88.85 | 88.70 | 88.80 |
| Dec | 89.44 | 89.44 | 89.34 | 89.42 |
| March | 89.63 | 89.60 | 89.50 | 89.56 |
| June | 89.55 | 89.48 | 89.45 | 89.52 |
| Sept | 89.55 | 89.47 | 89.45 | 89.52 |

Est volume 2,398 (2,182)
Previous day's open int 6,936 (6,805)

**20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 112-03 | 112-06 | 111-13 | 111-14 |
| Dec | 112-08 | 112-08 | 112-07 | 111-17 |
| March | 112-24 | — | — | 112-01 |

Est volume 3,743 (2,535)
Previous day's open int 4,041 (3,925)
Basis quote (clean cash price of 13½% Treasury 2004/08 less equivalent price of near futures contract) −18 to −3 (32nds).

**STERLING £25,000 $ per £**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 134.19 | 134.30 | 132.15 | 1.3410 |
| Dec | 133.10 | 132.84 | 131.95 | 1.3310 |
| March | 132.50 | — | — | 1.3255 |

Est volume 396 (204)
Previous day's open int 3,024 (3,012)

**DEUTSCHE MARKS DM 125,000 $ per DM**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 0.3530 | 0.3533 | 0.3505 | 0.3519 |
| Dec | 0.3562 | — | — | 0.3551 |

Est volume 123 (37)
Previous day's open int 250 (281)

**SWISS FRANCS SwFr 125,000 $ per SwFr**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 0.4265 | 0.4240 | 0.4237 | 0.4250 |

Est volume 2 (3)
Previous day's open int 188 (188)

**JAPANESE YEN Y12.5m $ per Y100**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 0.4213 | 0.4198 | 0.4188 | 0.4199 |
| Dec | 0.4236 | — | — | 0.4222 |

Est volume 4 (5)
Previous day's open int 172 (172)

**FT-SE 100 INDEX £25 per full index point**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 128.65 | 128.80 | 127.80 | 128.65 |
| Dec | 129.19 | — | — | 129.19 |

Est volume 179 (318)
Previous day's open int 1,496 (1,477)

**U.S. TREASURY BONDS 8% $100,000 32nds of 100%**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 75-00 | 75-06 | 74-24 | 75-09 |
| Dec | 73-31 | 74-04 | 74-01 | 74-08 |
| March | 72-31 | — | — | 73-08 |

Est volume 1,577 (1,691)
Previous day's open int 3,200 (2,894)

### CHICAGO

**U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Sept | 75-02 | 75-03 | 74-24 | 74-31 |
| Dec | 73-30 | 73-30 | 73-30 | 73-27 |
| March | 72-30 | 72-30 | 72-20 | 72-27 |
| June | 71-30 | 71-30 | 71-21 | 71-29 |
| Sept | 71-03 | 71-03 | 70-26 | 71-03 |
| Dec | 70-12 | 70-12 | 70-12 | 70-09 |
| March | 69-20 | 69-20 | 69-13 | 69-19 |
| June | — | — | — | 68-30 |
| Sept | — | — | — | — |
| Dec | — | — | — | 67-25 |
| March | — | — | — | 67-09 |

**U.S. TREASURY BILLS (IMM) $1m points of 100%**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Sept | 92.89 | 92.70 | 92.66 | 92.67 |
| Dec | 92.32 | 92.33 | 92.30 | 93.31 |
| March | 91.97 | 91.97 | 91.96 | 91.95 |
| June | — | — | — | 91.67 |
| Sept | — | — | — | 91.30 |
| Dec | — | — | — | 91.04 |
| March | — | — | — | 90.79 |
| June | — | — | — | 90.54 |

**CERT DEPOSIT (IMM) $1m points of 100%**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Sept | 92.00 | 92.03 | 92.00 | 91.99 |
| Dec | 91.54 | 91.56 | 91.53 | 91.52 |
| March | — | 91.18 | — | 91.04 |
| June | — | 90.72 | — | 90.67 |

**THREE-MONTH EURODOLLAR (IMM) $1m points of 100%**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Sept | 91.70 | 91.71 | 91.66 | 91.68 |
| Dec | 91.22 | 91.23 | 91.19 | 91.18 |
| March | 90.77 | 90.81 | 90.77 | 90.74 |
| June | 90.38 | 90.41 | 90.38 | 90.35 |
| Sept | 90.05 | 90.05 | 90.04 | 89.99 |
| Dec | 89.71 | 89.72 | 89.88 | 89.66 |
| March | 89.39 | 89.41 | 89.39 | 89.35 |
| June | — | 89.11 | — | 89.06 |

**STERLING (IMM) $s per £**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Sept | 1.3385 | 1.3425 | 1.3319 | 1.3356 |
| Dec | 1.3310 | 1.3320 | 1.3190 | 1.3280 |
| March | 1.3240 | 1.3280 | 1.3225 | 1.3195 |
| June | — | — | — | 1.3155 |
| Sept | — | — | — | 1.2506 |

**GNMA (CBT) 8% $100,000 32nds of 100%**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Sept | 74-10 | 74-10 | 74-06 | 74-10 |
| Dec | 73-21 | 73-21 | 73-19 | 73-22 |
| March | — | — | — | — |
| June | 72-12 | 72-12 | 72-12 | 72-13 |
| Sept | — | — | — | 71-26 |

## Company Notices

**THE GRIQUALAND EXPLORATION AND FINANCE COMPANY LIMITED**

*(Incorporated in the Republic of South Africa)*

**DECLARATION OF DIVIDEND**

Notice is hereby given that an interim dividend, No. 67 of 10 cents per share has been declared to ordinary shareholders in respect of the 6 months ended 30 June 1985.

The dividend is declared in the currency of the Republic of South Africa and is payable to shareholders registered in the books of the company at the close of business on 23 August 1985. The register of members will be closed from 24 August 1985 to 8 September 1985 both days inclusive. Payment will be made by the transfer secretaries mentioned below, on 18 September 1985. Payments from the United Kingdom office will be made in United Kingdom currency at the rate of exchange ruling on 2 September 1985, or the first day thereafter on which a rate of exchange is obtainable. Non-resident shareholders' tax of 15% will be deducted from dividends payable to shareholders whose registered addresses are outside the Republic of South Africa.

The full conditions of payment may be inspected at or obtained from the London office of the company or the office of the transfer secretaries.

By order of the board
per pro. GENCOR (U.K.) LIMITED
London Secretaries
L. J. Baines
30 Ely Place
London EC1N 6UA

London Transfer Secretaries
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

7 August 1985

**CYDSA, S.A.**
**Floating Rate Notes due 1988-1991**

NOTICE IS HEREBY GIVEN that for the interest Period commencing August 8, 1985 the Notes will bear interest at the rate of 8 15/16% per annum. The interest payable on November 7, 1985, against Coupon No. 4 will be U.S.$248.44 per U.S.$10,000 Note.

Agent Bank
ORION ROYAL BANK LTD

## Art Galleries

AGNEW GALLERY, 43, Old Bond St., W1. 01-629 6176. YOUNG ARTISTS AT AGNEW. Until 23 August. Mon.-Fri. 9.30-5.30. Thurs. until 6.30.

**LIFFE OPTIONS REPORT**

| Sterling Currency—£25,000 c per £ | | | |
|---|---|---|---|
| Moderate trading on a steady pound. | | | |
| Est volume | | Previous day's open interest | |
| Calls | Puts | Calls | Puts |
| 874 | 367 | 8182 | 5808 |

| Eurodollar Future—points of 100% | | | |
|---|---|---|---|
| Moderate trading on a static underlying future. | | | |
| Est volume | | Previous day's open interest | |
| Calls | Puts | Calls | Puts |
| 290 | 100 | 690 | 811 |

*For full details of settlement prices call:*

Louise Powell of LIFFE on 01-623 0444
LIFFE, ROYAL EXCHANGE, LONDON EC3V 3PJ



**KIRSH TRADING GROUP LIMITED**

**DECLARATION OF PREFERENCE DIVIDENDS**

NOTICE IS HEREBY GIVEN that the Board of Directors has declared the following preference dividends payable on 31 August 1985 for the six months to 31 August 1985 to Preference Shareholders registered in the books of the Company at the close of business on Friday, 23 August 1985.

6% CUMULATIVE PREFERENCE SHARES
Dividend No. 99 of 6 (six) cents per share.

5% CUMULATIVE PREFERENCE SHARES
Dividend No. 65 of 5 (five) cents per share.

SECOND 5% CUMULATIVE PREFERENCE SHARES
Dividend No. 79 of 5 (five) cents per share.

THIRD 5% CUMULATIVE PREFERENCE SHARES
Dividend No. 77 of 5 (five) cents per share.

The dividends are declared in South African currency and dividends payable from the London Office will be paid in United Kingdom currency calculated at the rate of exchange ruling between Rand and Sterling on 23 August 1985.

The Company will, where applicable deduct the Non-Resident Shareholders' Tax of 15% from dividends payable.

Dividend cheques despatched from the London Office to persons resident in Great Britain or Northern Ireland will be subject to a deduction of United Kingdom Income Tax at rates to be arrived at after allowing for relief (if any) in respect of South African taxes.

By Order of the Board
R. C. DESMARAIS, Secretary

Johannesburg,
5 August 1985.

Registered Office:
18th Floor, Glencairn
73 Market Street
2001 Johannesburg

South African Transfer Secretaries:
Central Registrars Limited,
154 Market Street,
2001 Johannesburg
(P.O. Box 4844, Johannesburg 2000)
London Transfer Secretaries:
Ravensbourne Registration Services Limited,
Bourne House, 34 Beckenham Road,
Beckenham, Kent, BR3 4TU, United Kingdom.

A Kirsh Group Company

## Legal Notices

**FASHION TAILORS LIMITED**

(IN VOLUNTARY LIQUIDATION)

NOTICE IS HEREBY GIVEN, pursuant to Section 594 of the Companies Act 1985 that a General Meeting of the Members of the above-named Company will be held at the offices of Singla & Company, Chartered Accountants, New Broad Street House, 35 New Broad Street, London, EC2M 1NH on 6th September 1985 at 10.30 a.m. to be followed at 10.45 a.m. by a General Meeting of the Creditors for the purpose of receiving an account of the Liquidator's acts and dealings and of the conduct of the winding-up to date.

S. K. SINGLA, F.C.A.
Liquidator

30th July, 1985

**DELUXE TRAVELS (LONDON) LIMITED**

(IN VOLUNTARY LIQUIDATION)

NOTICE IS HEREBY GIVEN, pursuant to Section 594 of the Companies Act 1985 that a General Meeting of the Members of the above-named Company will be held at the offices of Singla & Company, Chartered Accountants, New Broad Street House, 35 New Broad Street, London, EC2M 1NN on 6th September 1985 at 2.30 p.m. to be followed at 2.45 p.m. by a General Meeting of the Creditors for the purpose of receiving an account of the Liquidator's acts and dealings and of the conduct of the winding-up to date.

S. K. SINGLA, F.C.A.
Liquidator

30th July, 1985

# LONDON SHARE SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

| 1985 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 101[illegible] | 99[illegible] | Exch. 12¼pc 1985 | 100[illegible] | ..... | 12.24 | 11.34 |
| 101[illegible] | 99[illegible] | Exch. 11½pc '86 | 100[illegible] | .... | 11.71 | 11.00 |
| 99[illegible] | 97[illegible] | Treas. 10pcCnv 1986 | 99[illegible] | ... | 10.08 | 11.08 |
| 95[illegible] | 92[illegible] | Treas 3pc 1986 | 95[illegible] | ..... | 3.15 | 9.43 |
| 100 | 97[illegible] | Exch. 10½pc Cv '86 | 99[illegible] | .... | 10.55 | 11.09 |
| 101[illegible] | 99[illegible] | Treas 12pc 1986 | 100[illegible] | −[illegible] | 11.91 | 10.96 |
| 98[illegible] | 94[illegible] | Treas 8¾pc 1984-86‡‡ | 98[illegible] | −[illegible] | 8.67 | 10.73 |
| 105[illegible] | 102[illegible] | Exch. 14pc 1986 | 103[illegible] | +[illegible] | 13.54 | 10.89 |
| 93[illegible] | 87[illegible] | Exch. 2½pc 1986 | 93[illegible] | −[illegible] | 2.68 | 8.10 |
| 104[illegible] | 101[illegible] | Exch. 13¼pc 1987 | 103[illegible] | +[illegible] | 12.84 | 10.77 |
| 99[illegible] | 96[illegible] | Treas 10¼pcCv '87 | 99[illegible]xd | +[illegible] | 10.33 | 10.82 |
| 91[illegible] | 85[illegible] | Exch 2½pc 1987 | 91[illegible]xd | +[illegible] | 2.73 | 0.38 |
| 99[illegible] | 96[illegible] | Exch. 10½pc 1987 | 99[illegible] | ... | 10.57 | 10.88 |
| 94 | 89 | Funding 6½pc '85-87‡‡ | 93[illegible] | −[illegible] | 6.94 | 10.60 |
| 99 | 95[illegible] | Treas. 10pc 1987 | 98[illegible] | ..... | 10.15 | 10.88 |
| 90[illegible] | 84[illegible] | Treas 3pc 1987 | 90[illegible] | .... | 3.33 | 8.65 |
| 102[illegible] | 99[illegible] | Treas. 12pc 1987 | 102 | .... | 11.77 | 10.90 |
| 94[illegible] | 90[illegible] | Treas 7¾pc 1985-88‡‡ | 94[illegible]xd | | 8.22 | 10.43 |
| 99[illegible] | 95[illegible] | Exch 10½pc '88 | 99[illegible] | +[illegible] | 10.59 | 10.82 |
| 97[illegible] | 93[illegible] | Treas 9¾pc Cv '88 | 97[illegible] | +[illegible] | 10.03 | 10.90 |
| 86[illegible] | 80 | Transport 3pc '78-88 | 86[illegible] | | 3.48 | 8.50 |
| 96[illegible] | 91[illegible] | Treas. 9½pc '88 | 96[illegible] | +[illegible] | 9.88 | 10.95 |
| 102[illegible] | 97[illegible] | Treas 11½pc 1989 | 101[illegible]xd | +[illegible] | 11.31 | 10.91 |
| 96[illegible] | 90[illegible] | Treas. 9½pc Cnv. '89 | 95[illegible] | +[illegible] | 9.93 | 10.93 |
| 01[illegible] | 79 | Treas 3pc 1989 | 81[illegible] | ... | 3.70 | 9.01 |
| 99[illegible] | 94 | Treas 10½pc 1989 | 98[illegible] | +[illegible] | 10.64 | 10.91 |
| 97[illegible] | 92 | Exch 10pc 1989 | 97[illegible] | +[illegible] | 10.30 | 10.91 |
| 101 | 95 | Exch 11pc 1989 | 100[illegible] | +[illegible] | 10.99 | 10.93 |
| 85[illegible] | 79 | Treas 5pc 1986-89 | 84[illegible] | +[illegible] | 5.92 | 9.37 |
| 108[illegible] | 103[illegible] | Treas 13pc 1990‡‡ | 107[illegible] | +[illegible] | 12.09 | 10.78 |
| 101[illegible] | 96[illegible] | Exch 11pc 1990‡‡ | 100[illegible]xd | +[illegible] | 10.92 | 10.79 |
| 108[illegible] | 100[illegible] | Exch. 12½pc 1990 | 105[illegible] | +[illegible] | 11.86 | 10.95 |
| 76[illegible] | 75[illegible] | Treas. 3pc 1990e | 76[illegible] | +[illegible] | 3.93 | 9.28 |
| 93 | 87[illegible] | Treas 8¼pc 1987-90‡‡ | 91[illegible] | +[illegible] | 9.02 | 10.52 |

Five to Fifteen Years

Over Fifteen Years

Undated

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INT. BANK AND O'SEAS GOVT STERLING ISSUES

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INDUSTRIALS (Miscel.)

## INDUSTRIALS—Continued

| 1985 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 48 | 28 | ♦Mammet Hldgs 10p | 35 | | | | | |
| 328 | 202 | Man Ship Can £1 | 325 | +5 | 5.5 | 3.5 | 2.4 | 17.1 |
| 104 | 70 | Marley | 70 | –1 | 3.75 | 2.2 | 7.7 | 8.5 |
| 107 | 52 | Marling Ind 10p | 84xd | | †d3.0 | ♦ | 2.2 | ♦ |
| 74 | 36 | Marshall L'ay 'A' | 70 | | 2.4 | 4.9 | 4.9 | 5.0 |
| 77 | 58 | Marshall's Universal | 61 | | 7.0 | 1.4 | 4.7 | (19.0) |
| 86 | 78 | Do 7½pcCnRedPf £1 | 82 | | 7½% | — | 13.1 | — |
| | | For Martin-Black see Dean Park Hotels in Recent Equities | | | | | | |
| £98 | £81 | ♦Mathesons 7¾% | £98 | | Q7¾% | 2.5 | 18.0 | — |
| 35 | 26 | ♦Maxprint 1p | 29 | | — | — | — | — |
| 477 | 375 | Metal Box £1 | 457 | –1 | 17.25 | 3.1 | 3.4 | 6.9 |
| 170 | 119 | Metal Closures | 119 | | 6.7 | 2.0 | 8.0 | 7.4 |
| 17 | 4½ | ♦Metal Sciences 2½p | 6 | | — | — | — | — |
| 104 | 73 | ♦Midland Marts | 80 | | 4.0 | ♦ | 7.1 | ♦ |
| 83½ | 58½ | ♦Mitchell Cotts | 59 | +½ | t4.0 | 1.5 | 9.7 | 0.4 |
| 230 | 182 | Morgan Crucible | 197 | | 8.0 | 1.6 | 5.8 | 13.7 |
| 32½ | 22 | ♦Morris (W) F.A. 20p | 28½ | | g0.5 | ♦ | 2.5 | ♦ |
| 110 | 91 | Moss (Robt.) 10p | 103 | | 3.0 | 2.5 | 4.2 | 11.4 |
| 81 | 68 | Myson Grp 10p | 70 | | g2.5 | 3.4 | 5.1 | 13.3 |
| 328 | 214 | ♦NMW Computers | 235 | | t4.8 | 2.7 | 2.9 | 18.1 |
| 43 | 28 | Nash Inds. | 38 | | t2.5 | 1.3 | ‡ | 6.9 |
| 48 | 18 | Neill & Spencer 10p | 19 | | ♦ | — | — | 5.7 |
| 44 | 14½ | ♦Newman Inds 10p | 36 | –1 | — | — | — | (17.0) |
| 41 | 29 | Nolton | 30xd | | 0.17 | 4.5 | 5.6 | 5.8 |
| 183 | 146 | Norcros | 175 | | 8.6 | 2.2 | 7.0 | 8.7 |
| 67 | 50 | Nu-Swift 5p | 55 | | 3.0 | 1.6 | 7.8 | 10.5 |
| 111 | 68 | Oakwood Grp. | 105 | | t4.5 | 1.4 | 6.2 | (15.1) |
| 230 | 150 | Office & Elect | 210 | –2 | 7.5 | 2.4 | 5.1 | 11.5 |
| 108 | 75 | Oldacre 20p | 78 | | 4.0 | 2.6 | 7.6 | 6.7 |
| 58 | 37 | ♦Optometrics $0.01 | 44 | | | — | 3.6 | 46.7 |
| 495 | 312½ | Oriflame £1 | 440 | | 23.4 | 1.8 | 5.3 | 10.4 |
| 18 | 12 | Overstone 12½c | 12 | | | | | |
| £190 | £158 | Ozalid 9pc Cnv 87-92 | £187 | | Q9% | — | 4.9 | — |
| 185 | 105 | ♦PCT Grp 10p | 135 | –5 | 3.2 | 2.2 | 5.0 | 16.3 |
| £14 | 875 | PLM 'B' Sk 25 | 875 | | Q21.6% | ♦ | 5.7 | ♦ |
| 195 | 142 | PSM Intl | 142 | | g5.25 | 2.5 | 5.5 | 9.7 |
| 65 | 50 | ♦Pacific Sales 10p | 60 | | t2.4 | 2.2 | 5.7 | (9.1) |
| 204 | 165 | Parker Knoll 'A' | 179 | | 9.0 | 2.8 | 7.3 | 6.9 |
| 102 | 45 | ♦Parkfield Group 5p | 97 | | [illegible] | [illegible] | [illegible] | [illegible] |

## LEISURE—Continued

| 1985 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 52 | 7 | ♦Entertain Prod 5p | 7 | | b2.25 | 2.1 | 45.9 | 1.2 |
| 78 | 50 | Fairline Boats 10p | 74 | | †2.63 | 2.6 | 5.1 | 10.5 |
| 304 | 228 | First Leisure £1 | 292 | | †6.5 | 2.8 | 3.2 | 13.5 |
| 69 | 51 | GRA Group 5p | 56 | | | | | 59.3 |
| 32 | 23 | Grampian TVA 10p | 26 | | h1.67 | ♦ | 9.2 | ♦ |
| 145 | 117 | HTV Non/Vtg | 142 | | h7.0 | 2.9 | 7.0 | 6.4 |
| 148 | 95 | Horizon | 113 | +3 | 4.4 | 3.6 | 5.6 | 5.0 |
| 184 | 90 | Insight | 168 | | 2.5 | 6.5 | 2.1 | 10.4 |
| 134 | 102 | Intasun 10p | 130xd | | 4.8 | 3.1 | 5.3 | 7.5 |
| 33 | 4½ | ♦Intervision Video 10p | 5 | | — | — | — | — |
| 232 | 170 | Julianas Hldgs 2p | 175 | | 2.0 | 1.8 | 1.4 | 28.9 |
| 268 | 217 | LWT | 260 | | 14.4 | 2.3 | 7.9 | 7.9 |
| 30 | 23 | ♦Leisure Inv 10p | 29 | | — | — | — | — |
| 65 | 55 | Leisuretime Int 10p | 58 | | †1.1 | 3.9 | 5.3 | 6.1 |
| | | For Mingout Ag M see Chrysalis | | | | | | |
| 183 | 155 | ♦Media Tech Int 20p | 153 | | ag2.58 | 3.9 | 2.4 | 13.1 |
| 200 | 124 | Miedminster 10p | 164 | | †4.85 | 2.6 | 4.2 | 11.1 |
| 280 | 175 | ♦Miss World 10p | 185 | +5 | 3.6 | 4.1 | 2.8 | 12.6 |
| 127½ | 70 | Nationwide Leisure | 77 | | (3.75 | 2.5 | 7.0 | 6.7 |
| 39 | 15 | ♦Nimslo Int 20c | 18 | | — | — | — | — |
| 24½ | 19½ | ♦Owners Abroad | 21 | | 1.0 | 2.2 | 6.8 | 9.4 |
| 53 | 38 | Photax (Lon.) | 42 | | — | — | — | — |
| 24½ | 21½ | ♦Piccadilly Radio NV 5p | 22 | –½ | 1.87 | 1.1 | 12.5 | 10.6 |
| 90 | 30 | ♦Pineapple Dnc St 10p | 38 | | d1.5 | 1.2 | 5.6 | 20.4 |
| 239 | 183 | Pleasurama 5p | 233 | | b4.6 | 5.7 | 2.8 | 13.8 |
| 121 | 109 | Do. 7pcCnCmRedPf | 121 | | — | — | — | — |
| 96 | 77½ | ♦Pres Entertain 50p | 83 | | g2.0 | 2.1 | 3.4 | 19.7 |
| 65 | 20 | ♦Radio City 'A' NV | 33 | | †5.8 | 0.9 | ‡ | 6.5 |
| 55 | 42 | ♦Radio Clyde N/V | 42 | | 3.25 | 2.0 | 11.1 | 6.2 |
| 63 | 34 | Riley Leisure 10p | 38 | | 0.7 | — | 2.6 | — |
| 195 | 143 | Saga Hols. 20p | 172 | +2 | t4.0 | 2.1 | 3.4 | 18.2 |
| 225 | 105 | Samuelson Grp 20p | 222 | –3 | (1.8 | 3.6 | 1.2 | 43.1 |
| 42 | 25 | ♦Sangers Photo 10p | 33 | | 2.0 | 1.9 | 8.7 | 8.6 |
| 202 | 138 | ♦Scantro 50p | 145 | | g3.68 | 2.6 | 3.6 | 14.1 |
| 156 | 128 | Scott. TV 'A' 10p | 150 | | 8.8 | 2.0 | 8.4 | 6.2 |
| 508 | 319 | SeaCo Inc $0.125 | 336 | –6 | — | — | — | — |
| 15 | 7 | ♦SelecTV 10p | 7 | | — | — | — | — |
| 140 | 10 | ♦Spectrum 5p | 14 | | ‡p2.0 | 4.8 | ‡ | 1.5 |

## PROPERTY—Continued

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## NOTES

[illegible]

## REGIONAL & IRISH STOCKS

[illegible]

"Recent Issues" and "Rights" Page 28

(International Edition Page 26)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £[illegible] per annum for each security.

# LONDON STOCK EXCHANGE

## MARKET REPORT

# Leading shares stage promising recovery after early reaction to Wall Street's slide

**Account Dealing Dates**

| Option *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| July 29 | Aug 8 | Aug 9 | Aug 19 |
| Aug 12 | Aug 29 | Aug 30 | Sept 9 |
| Sept 2 | Sept 12 | Sept 13 | Sept 23 |

* "New-time" dealings may take place from 9.30 am two business days earlier.

Nervousness over Wall Street's worst performance for 18 months—the Dow Jones average fell over 21 points on Tuesday reflecting continuing concern about corporate profits and fears that the U.S. Treasury funding programme may not progress as smoothly as hoped—showed through clearly when blue chip industrials opened in London yesterday.

Leading shares suffered a sharp mark-down as dealers took defensive action on the view that sellers would most likely dominate markets since hopes of a further early cut in clearing bank base leading rates had receded.

Selling, however, was extremely light and easily absorbed and subsequent buying interest helped quotations improve from the lower levels. International and exporting stocks were particularly quick to recover their poise as the pound depreciated further against the dollar in early trading.

Overall, business volume in equities was small with institutional investors, after their buying foray on Tuesday, content to remain on the sidelines. Other market representatives were more preoccupied with filling in application forms for the offer for sale of the Government's remaining 49 per cent, some 243m shares, of Britoil which closes at 10.00 am today.

The FT Ordinary share index, after Tuesday's 12-point rise, opened with a fall of 8.8 at 10.00 am, but recovered over three points an hour later. Thereafter, the measure moved narrowly prior to rallying further after-hours' to end the session only 0.4 off at 955.7.

A notable casualty among the constituents was GKN which fell 10 to 210p, after 207p, on disappointment with interim profits of £70.5m which came at the lower end of analysts' expectations; dealers expressed concern about the company's accounting policies regarding exchange rates.

Interest in Government securities was at a low ebb. Attention focussed on the pound's erratic performance on foreign exchange markets in the wake of July's satisfactory banking statistics. Gilts, after opening around ⅛ easier, rebounded smartly as the pound recovered from $1.3255 to $1.3500 against the dollar to close with improvements ranging to ⅛ in the shorts and ½ in the longs.

### Clearers quietly dull

The major clearing banks drifted gently lower for want of support. Barclays relinquished a few pence to 329p, as did NatWest to 632p. Irish issues, however, moved forward. Allied Irish, unsettled on Monday by the announcement that First Maryland Bancorp, in which it owns a near-43 per cent stake, had terminated merger discussions with a larger bank holding company, rallied 5 more to 140p. Bank of Ireland firmed the same amount to 350p in sympathy.

Arthur Bell attracted a lively trade at the outset following the widely anticipated increased and final offer from Guinness. Business levels were not maintained, however, and after touching 250p, Bell, which was quick to reject the revised terms stressing the minimal level of acceptances for the original bid, eased back to close 6 up on the session at 246p. Guinness, a rising market earlier in the week, lost 3 to 256p. News that Mr Peter Tyrie, a director of Arthur Bell, intends to advise acceptance of the the revised offer and the announcement that Ladbroke had disposed of its recently acquired 3.25 per cent stake in Bell came well after the market close.

Leading Buildings gave modest ground in the absence of buying interest. Blue Circle, a dull market recently on worries about the possible impact on profits of imported Spanish cement, remained a sensitive market and closed 6 off at 505p; the interim results are due on August 29. Redland softened 4 to 284p and Tarmac slipped a couple of pence to 38p. Costain, after easing to 436p, picked up to close a couple dearer on balance at 440p. Among secondary issues, Milbury, shed 3 to 35p pending the outcome of negotiations which could lead to the sale of St Piran's 78.7 per cent holding in the company. Watts Blake Bearne fell 13 to 210p following a sizeable put-through at just over 205p per share which has resulted in English China Clays stake in the company rising from 18.62 per cent to 20.88 per cent.

Business in ICI was thin, but the pound's initial reaction brought the price up to 684p before the close of 6 higher on balance at 680p. Yorkshire Chemicals lost the turn at 64p awaiting today's annual results, while recently-firm Foseco slipped 4 to 191p. Elsewhere, Moreceau hardened 3 afresh to 265p in a restricted market and Amersham International improved a couple of pence to 322p following the annual meeting.

### Liberty up again

Secondary issues continued to make the running among Retailers and once again investors were attracted towards departmental stores in the wake of Burton's successful bid for Debenhams. Liberty were to the fore, rising 40 more to 770p with the non-voting shares a like amount to the good at 570p. Owen Owen met with late interest and rose 20 to 320p, while J. T. Parrish put on 13 for a three-day leap of 103 at 423p. Elys of Wimbledon, neglected in the recent excitement, contributed a gain of 30 at 480p. Elsewhere, buyers displayed renewed interest in ladies clothing and handbag manufacturers Steinberg which rose another 6 to 70p. Store leaders gave modest ground in subdued trading. Losses of 5 were common to Burton, 450p, and British Home, 295p.

Leading Electricals displayed no set trend after a quiet session. BICC revived with a gain of 5 at 193p, while hopes that GEC might win a £400m Chinese power station contract helped the shares improve 4 at 192p. British Telecom edged forward a penny to 195p, while STC hardened a couple of pence more to 102p ahead of tomorrow's interim results. Racal softened 2 to 152p. Elsewhere, Rotaflex advanced 7 afresh to 170p on renewed support ahead of next Tuesday's interim figures. Cass Group improved 5 more making a two-day advance of 40 to 175p on the bid approach, while improvements of 7 and 10 respectively were recorded in Wordplex, 112p, and Applied Holographics, 200p.

Apart from the activity in GKN, the engineering sector was fairly quiet. Porter Chadburn provided a late feature, rising 14 to 116p in response to news of an increased dividend, a sharply reduced annual deficit and Board's confident statement regarding prospects. Hawker rallied from an initial dull level. TI moved between extremes of 336p and 328p before closing unaltered at 330p; the interim results are scheduled for today. Dealings were resumed in John Brown in the wake of shareholders' approval given to the £70m rescue package and close association with Trafalgar House; the old were quoted at 28p ex-the £12.6m rights issue and the new nil-paid shares closed at 4p premium, after 4½p premium.

Interest in Foods broadened and both Manufacturers and Retailers made good progress. Buyers again favoured Tate and Lyle, up 6 more at 446p, while a broker's recommendation directed attention towards Unigate, 5 higher at 182p. Bassett gained 7 to 160p on revived speculative demand, while Sidney C. Banks advanced 25 to 260p in a restricted market in reply to the good annual results. Among Retailers, Dee Corporation hardened a couple of pence to 260p awaiting today's preliminary statement and Kwik Save rose 8 to 308p on talk of a broker's upgraded profits forecast.

Grand Metropolitan, which suffered a late reaction on Tuesday following news that its troubled Liggett and Myers subsidiary had lost a major cigarette manufacturing contract to Brown-Williamson, opened a couple of pence cheaper at 298p, but subsequently picked up to close 3 better on the day at 303p.

### Reed Int feature

Reed International were outstanding among the miscellaneous industrial leaders, rising 29 to 674p on persistent buying fuelled by the proposed management buy-out of the company's UK Building Products division. Elsewhere, Rank Organisation found support at 400p, up 8, and Reckitt and Colman put on 10 to 488p. Currency fluctuations caused gyrations in Glaxo which touched £13 3/16 at one stage before closing unaltered at £13¼. Beecham continued to reflect a broker's downgraded profits forecast and fell 5 more to 333p, after 332p.

Recent reports of record office lettings in Central London continued to underpin the Property leaders and a continuation of Tuesday's buying interest left MEPC up another 3 at 279p and British Land a couple of pence dearer at 150p. Property Security and Investment firmed 2 to 130p in reply to the good annual results, while estates agents Bairstow Eves added 3 more to 94p ahead of the interim figures due on August 15.

Dealings in J. Crowther and Carpets International were suspended at 67p and 61½p respectively pending the outcome of discussions which may lead to Crowther acquiring the UK carpet interests of Carpets International. SEET firmed 4 to 152p awaiting today's half-timer, while David Dixon, still reflecting the good annual results, added 3 more to 188p.

Capital & Garing Trust touched 84p before settling 7 higher on balance at 81p as brokers T. C. Coombs easily completed the purchase of 111,000 shares at 83p each on behalf of an unnamed client. Elsewhere in Investment Trusts, Scottish Northern, already in receipt of a bid from Throgmorton Trust, hardened 4 to 152p following unitisation proposals; Throgmorton closed the same amount to the good at 231p.

### Oils subdued

Marked down at the outset following Wall Street's sharp reaction overnight, the Oil majors staged a modest recovery on currency considerations to close with only minor losses on balance. British Petroleum settled a couple of pence off at 538p, after 535p, while Shell, interim results due today, closed unchanged at 700p. Ultramar were finally 3 cheaper at 213p, after 210p, and Lasmo a couple of pence off at 258p after 252p. Britoil closed 3 down at 217p.

### Recovery in Golds

South African mining markets staged their first worthwhile recovery in seven trading sessions. Continental operators, taking a calmer view of the Republic's current civil unrest and labour problems, committed fresh funds to top-quality Golds and, although Johannesburg and New York proved reluctant to follow suit, share prices finished close to the day's best.

Among Heavyweight Golds, Randfontein advanced 1¼ to £60, while Western Deep rose a full point to £25⅛. Gains of around ½ were noted for Southvaal, £24¼, Winkelhaak, £14¾, and President Brand, £13¼. The FT Gold Mines index rallied 12.8 to 310.9. Bullion remained subdued and again failed to provide a lead, closing $1 up at $321.25.

Wall Street's slide prompted another bout of profit-taking among "down-under" issues in overnight Sydney and Melbourne markets which was reflected in business in London. Once again, Golds bore the brunt of selling with losses of 25 common to Gold Mines of Kalgoorlie, 558p, and Central Norseman, 478p. Poseidon fell 8 to 217p, while Whim Creek, 160p, Sons of Gwalia, 143p, and Kitchener, 55p, all dipped around 6. With the exception of Bougainville, which remained dull and shed 6 more to 97p, resource stocks escaped relatively lightly. CRA eased 4 to 302p, while Western Mining settled only 3 lower at 216p.

## FINANCIAL TIMES STOCK INDICES

| | Aug. 7 | Aug. 6 | Aug. 5 | Aug. 2 | Aug. 1 | July 31 | year ago |
|---|---|---|---|---|---|---|---|
| Government Secs | 83.12 | 82.96 | 82.96 | 82.96 | 83.21 | 83.48 | 79.05 |
| Fixed Interest | 88.29 | 88.29 | 88.24 | 88.29 | 88.49 | 88.56 | 82.50 |
| Ordinary ♥ | 955.7 | 956.1 | 943.9 | 951.1 | 950.9 | 943.1 | 839.0 |
| Gold Mines | 310.9 | 298.1 | 309.2 | 315.7 | 312.9 | 330.6 | 527.5 |
| Ord. Div. Yield | 4.87 | 4.89 | 4.95 | 4.91 | 4.88 | 4.96 | 4.90 |
| Earnings, Yld. % (full) | 12.03 | 12.06 | 12.11 | 12.06 | 11.97 | 12.18 | 11.50 |
| P/E Ratio (net) (*) | 10.25 | 10.21 | 10.18 | 10.22 | 10.30 | 10.12 | 10.46 |
| Total bargains (Est.) | 10,593 | 19,717 | 19,514 | 21,003 | 24,265 | 20,216 | 18,963 |
| Equity turnover £m. | — | 389.61 | 556.26 | 423.98 | 473.39 | 332.76 | 275.13 |
| Equity bargains | — | 16,415 | 15,235 | 16,729 | 17,572 | 15,510 | 13,639 |
| Shares traded (ml) | — | 173.2 | — | 196.0 | 212.5 | 172.0 | 127.5 |

♥ 10 am 949.3. 11 am 952.4. Noon 952.0. 1 pm 952.6. 2 pm 952.4. 3 pm 953.0. 4 pm 953.9.

Day's High 955.7. Day's Low 949.2.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=5.87.

## HIGHS AND LOWS

| — | 1985 High | 1985 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs. | 83.87 (30/7) | 78.02 (28/1) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 88.74 (30/7) | 82.17 (28/1) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary | 1024.5 (22/1) | 911.0 (25/7) | 1094.5 (22/1/85) | 49.4 (26/6/40) |
| Gold Mines | 536.9 (15/4) | 298.1 (6/8) | 734.7 (15/2/83) | 43.5 (26/10/71) |

## S.E. ACTIVITY INDICES

| | Aug. 6 | Aug. 5 |
|---|---|---|
| Daily Gilt Edged Bargains | 138.9 | 130.9 |
| Equities Bargains | 106.4 | 98.7 |
| Equities Value | 787.5 | 579.7 |
| 5 day Average Gilt Edged Bargains | 145.7 | 157.4 |
| Equities Bargains | 106.7 | 113.0 |
| Equities Value | 790.7 | 780.5 |

## FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

| | | Wed Aug 7 1985 Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 30%) | Est. P/E Ratio (Net) | xd adj. 1985 to date | Tues Aug 6 Index No. | Mon Aug 5 Index No. | Fri Aug 2 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (206) | 514.22 | — | 10.99 | 4.39 | 11.45 | 10.16 | 514.34 | 507.33 | 515.18 | 500.19 |
| 2 | Building Materials (22) | 529.81 | -0.7 | 12.55 | 5.01 | 9.80 | 11.86 | 532.89 | 528.96 | 533.09 | 458.35 |
| 3 | Contracting, Construction (29) | 813.16 | -0.1 | 12.32 | 5.08 | 10.47 | 17.10 | 813.80 | 809.91 | 821.08 | 657.36 |
| 4 | Electricals (14) | 1340.44 | +0.6 | 11.93 | 5.51 | 10.63 | 31.82 | 1333.07 | 1314.34 | 1319.48 | 1504.46 |
| 5 | Electronics (38) | 1451.47 | +0.8 | 10.44 | 3.34 | 12.61 | 26.92 | 1439.97 | 1416.59 | 1444.63 | 1831.21 |
| 6 | Mechanical Engineering (62) | 280.56 | +0.1 | 11.65 | 5.00 | 10.48 | 5.50 | 280.17 | 276.62 | 279.62 | 243.90 |
| 8 | Metals and Metal Forming (7) | 189.65 | — | 13.22 | 8.28 | 9.52 | 4.13 | 189.56 | 185.54 | 183.83 | 179.55 |
| 9 | Motors (16) | 154.66 | -2.0 | 13.95 | 5.42 | 8.91 | 3.20 | 157.79 | 155.25 | 156.14 | 119.52 |
| 10 | Other Industrial Materials (18) | 889.66 | -0.5 | 7.86 | 3.77 | 15.40 | 15.74 | 893.91 | 877.97 | 903.22 | 650.21 |
| 21 | CONSUMER GROUP (176) | 662.92 | +0.2 | 9.61 | 3.94 | 12.93 | 10.70 | 661.62 | 657.20 | 659.66 | 513.31 |
| 22 | Brewers and Distillers (24) | 626.17 | +0.1 | 11.28 | 4.65 | 11.21 | 9.46 | 625.69 | 626.34 | 627.79 | 514.31 |
| 25 | Food Manufacturing (21) | 487.88 | +0.3 | 12.11 | 4.99 | 10.46 | 12.28 | 485.38 | 482.05 | 486.88 | 393.41 |
| 26 | Food Retailing (14) | 1591.90 | +0.9 | 5.66 | 2.62 | 23.34 | 13.12 | 1578.13 | 1572.77 | 1590.73 | 1188.99 |
| 27 | Health and Household Products (9) | 1066.49 | -0.1 | 6.32 | 2.77 | 18.55 | 11.26 | 1067.49 | 1057.89 | 1054.63 | 859.49 |
| 29 | Leisure (22) | 620.33 | — | 9.09 | 5.29 | 14.40 | 13.82 | 619.99 | 616.25 | 617.63 | 576.17 |
| 32 | Newspapers, Publishing (12) | 1762.59 | +0.6 | 8.73 | 4.40 | 14.75 | 37.38 | 1752.76 | 1746.38 | 1745.78 | 1250.27 |
| 33 | Packaging and Paper (14) | 345.53 | +1.7 | 10.04 | 4.28 | 11.81 | 6.10 | 339.81 | 335.53 | 336.49 | 232.44 |
| 34 | Stores (41) | 665.71 | — | 7.55 | 3.18 | 18.02 | 9.30 | 666.02 | 662.03 | 662.53 | 448.31 |
| 35 | Textiles (16) | 313.48 | +0.9 | 13.94 | 5.24 | 8.13 | 7.90 | 310.74 | 307.06 | 307.21 | 258.98 |
| 36 | Tobaccos (3) | 811.05 | -0.5 | 17.92 | 5.30 | 6.29 | 17.44 | 815.24 | 800.57 | 808.59 | 679.83 |
| 41 | OTHER GROUPS (101) | 679.43 | +0.3 | 9.38 | 4.16 | 13.79 | 11.49 | 677.37 | 671.77 | 676.50 | 449.87 |
| 42 | Chemicals (19) | 685.13 | +0.4 | 14.32 | 5.52 | 9.23 | 17.18 | 682.17 | 681.36 | 685.99 | 604.66 |
| 44 | Office Equipment (4) | 199.05 | +1.4 | 8.03 | 4.42 | 14.86 | 3.64 | 196.39 | 193.65 | 194.76 | 131.69 |
| 45 | Shipping and Transport (12) | 1148.94 | +0.1 | 8.60 | 4.60 | 14.43 | 25.71 | 1147.50 | 1124.25 | 1127.57 | 852.41 |
| 46 | Miscellaneous (64) | 827.23 | +0.5 | 7.64 | 3.84 | 15.95 | 10.87 | 823.25 | 817.28 | 828.09 | 619.99 |
| 48 | Telephone Networks (2) | 879.87 | +0.1 | 8.50 | 3.69 | 15.72 | 13.20 | 879.08 | 870.25 | 879.08 | 0.0 |
| 49 | INDUSTRIAL GROUP (483) | 635.32 | +0.2 | 9.88 | 4.11 | 12.75 | 10.95 | 634.23 | 628.64 | 633.34 | 504.78 |
| 51 | Oils (17) | 1148.57 | -0.3 | 16.29 | 7.31 | 7.55 | 38.38 | 1152.14 | 1128.67 | 1126.94 | 1038.67 |
| 59 | 500 SHARE INDEX (500) | 678.38 | +0.1 | 10.73 | 4.53 | 11.68 | 13.16 | 677.65 | 670.64 | 674.85 | 549.47 |
| 61 | FINANCIAL GROUP (115) | 472.51 | — | — | 5.06 | — | 10.08 | 472.67 | 468.50 | 469.54 | 381.22 |
| 62 | Banks (6) | 473.87 | -0.6 | 18.92 | 6.25 | 7.36 | 11.71 | 476.91 | 473.87 | 476.02 | 365.46 |
| 65 | Insurance (Life) (9) | 730.69 | +0.7 | — | 4.44 | — | 14.71 | 725.90 | 721.08 | 723.78 | 514.14 |
| 66 | Insurance (Composite) (7) | 366.15 | +0.3 | — | 5.33 | — | 8.53 | 365.14 | 362.25 | 362.97 | 275.33 |
| 67 | Insurance (Brokers) (7) | 1096.81 | -0.1 | 8.56 | 3.78 | 15.62 | 20.10 | 1097.49 | 1078.40 | 1066.54 | 803.87 |
| 68 | Merchant Banks (11) | 226.61 | -0.2 | — | 4.87 | — | 4.92 | 227.01 | 226.10 | 227.13 | 199.40 |
| 69 | Property (50) | 639.59 | +0.2 | 5.80 | 3.71 | 23.13 | 9.62 | 638.44 | 631.08 | 633.35 | 587.56 |
| 70 | Other Financial (25) | 267.50 | -0.5 | 9.21 | 6.09 | 13.19 | 7.37 | 268.84 | 265.69 | 264.31 | 251.78 |
| 71 | Investment Trusts (106) | 574.87 | +0.4 | — | 3.83 | — | 9.56 | 572.44 | 571.17 | 571.48 | 497.91 |
| 81 | Mining Finance (3) | 248.48 | +0.7 | 13.07 | 6.17 | 8.80 | 5.36 | 246.71 | 240.20 | 243.47 | 275.45 |
| 91 | Overseas Traders (14) | 606.84 | -0.2 | 12.47 | 6.51 | 9.64 | 20.59 | 608.19 | 608.19 | 606.73 | 554.69 |
| 99 | ALL-SHARE INDEX (738) | 619.38 | +0.1 | — | 4.62 | — | 12.21 | 618.73 | 612.66 | 615.95 | 506.31 |

| | Index No. | Day's Change | Day's High | Day's Low | Aug 6 | Aug 5 | Aug 4 | Aug 2 | Aug 1 | Year ago |
|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 SHARE INDEX | 1286.6 | -0.9 | 1286.6 | 1278.7 | 1287.5 | 1271.8 | 1280.4 | 1287.2 | 1261.7 | 1080.7 |

## FIXED INTEREST

| | PRICE INDICES | Wed Aug 7 | Day's change % | Tues Aug 6 | xd adj. today | xd adj. 1985 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | 5 years | 118.90 | +0.08 | 118.81 | — | 6.84 |
| 2 | 5-15 years | 132.15 | +0.36 | 131.68 | — | 8.31 |
| 3 | Over 15 years | 138.90 | +0.33 | 138.44 | — | 7.11 |
| 4 | Irredeemables | 150.28 | +0.03 | 150.23 | — | 7.27 |
| 5 | All stocks | 130.28 | +0.26 | 129.95 | — | 7.49 |
| 6 | Debentures & Loans | 112.08 | -0.25 | 112.37 | — | 6.08 |
| 7 | Preference | 80.54 | +0.32 | 80.28 | — | 3.64 |
| | BRITISH GOVERNMENT INDEX-LINKED STOCKS | | | | | |
| 8 | All stocks | 110.54 | -0.01 | 110.55 | — | 1.95 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Wed Aug 7 | Tues Aug 6 | Year ago (approx.) |
|---|---|---|---|---|---|
| | British Government | | | | |
| 1 | Low | 5 years | 10.10 | 10.13 | 11.42 |
| 2 | Coupons | 15 years | 10.23 | 10.27 | 10.91 |
| 3 | | 25 years | 10.23 | 10.27 | 10.29 |
| 4 | Medium | 5 years | 10.94 | 11.00 | 12.39 |
| 5 | Coupons | 15 years | 10.58 | 10.63 | 11.25 |
| 6 | | 25 years | 10.19 | 10.21 | 10.60 |
| 7 | High | 5 years | 11.04 | 11.10 | 12.19 |
| 8 | Coupons | 15 years | 10.73 | 10.77 | 11.47 |
| 9 | | 25 years | 10.27 | 10.30 | 10.64 |
| 10 | Irredeemables † | | 10.06 | 10.08 | 10.19 |
| 11 | Debs & | 5 years | 11.63 | 11.54 | 12.87 |
| 12 | Loans | 15 years | 11.48 | 11.40 | 12.65 |
| 13 | | 25 years | 11.33 | 11.31 | 12.43 |
| 14 | Preference † | | 12.29 | 12.34 | 13.26 |
| 15 | Inflation rate | 5% | 3.65 | 3.64 | 3.79 |
| 16 | | 10% | 3.45 | 3.46 | 3.61 |

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

## NEW HIGHS AND LOWS FOR 1985

### NEW HIGHS (51)

BRITISH FUNDS (1)
Fdg. 3½pc '99-04

CANADIANS (3)
Golden Sceptre Res. Intl. Corona Res. Goliath Gold Mines

BANKS (4)
Algemene Bank, Bank Ireland, Allied Irish, Copenhagen H'bank

BEERS (1)
Highland Dists.

BUILDINGS (4)
Blockleys, Gleeson (M. J.), Brickhouse Dudley, Manders (Hldgs.)

CHEMICALS (1)
Morceau

STORES (5)
Liberty, Owen Owen, Do. N.V, S U Stores 31½pc Pf, Marks & Spencer

ELECTRICALS (1)
Cass

ENGINEERING (1)
Triplex

FOODS (5)
Banks (Sidney C.), Salvesen (Christian), Callen's Hldgs., Unigate, Morrison (W.)

INDUSTRIALS (8)
Brit. Bloodstk. Agcy, Reed Intl., Jardine Matheson, Triefus, Low & Bonar, Williams Hldgs. 5pc, Rank Organisation, Cam. Cnv. Pf., Reed Executive

INSURANCE (1)
Eagle UK 9pc Cnv. 1985-90

NEWSPAPERS (1)
Collins (Wm.) A

PAPER (1)
Cropper (James)

PROPERTY (6)
Bairstow Eves, Frogmore Estates, Brit. Land 12pc Cnv. 2002, Regalian, Connells Est. Agents, Tops Ests. 7¼pc Cnv. 2014

TEXTILES (1)
Nottingham Mfg

TRUSTS (2)
M & G 2nd Dual Cap, Scottish Northern

OILS (1)
Intercontl. Energy

OVERSEAS TRADERS (3)
Gt. Northern Tel., Tozer Kemsley, Ocean Wilsons

MINES (1)
Hawk Invs.

### NEW LOWS (23)

FOREIGN BONDS (3)
Greek 7pc Assd., Greek 4pc Mixed, Do. 6pc 28 Stb. Assd.

STORES (2)
Bedford (Wm.), House of Lerose

ELECTRICALS (1)
Atlantic Computer

ENGINEERING (1)
Newman-Tonks

INDUSTRIALS (5)
Barrow Hepburn, Ramco Oil, Fergebrook, Spear (J. W.), Henara

MOTORS (1)
Quick (H. & J.)

PAPER (1)
Chapman Inds.

TEXTILES (3)
Burmatex, Youghal Carpets, Mackay (Hugh)

TRUSTS (3)
Edinb. Fin. Trust, Hunting Gibson, Martin Currie Pacific

OILS (1)
Floyd Oil

PLANTATIONS (1)
Anglo-East Plants.

MINES (1)
Kitchener Mining

## TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

| Stock | No. of changes | Tues. close | Day's change |
|---|---|---|---|
| Cons Gold Flds | 17 | 420 | +15 |
| Debenhams | 15 | 326 | — 7 |
| ICI | 15 | 674 | — 3 |
| LRC Ind | 15 | 143 | + 4 |
| Unitech | 15 | 232 | +17 |
| BP | 14 | 540 | +12 |
| Carpets Intl. | 13 | 69½ | + 5 |
| Grand Met | 13 | 300 | — 5 |
| GKN | 13 | 220 | + 9 |
| Reuters B | 13 | 283 | — 2 |
| RTZ | 13 | 547 | +12 |
| Shell Trans | 13 | 700 | +12 |
| Thorn EMI | 13 | 329 | — 3 |
| BAT Inds | 12 | 311 | + 6 |

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 77 | 5 | 24 |
| Corpns, Dom. and Foreign Bonds | 5 | 14 | 58 |
| Industrials | 273 | 272 | 972 |
| Financial and Prop. | 112 | 77 | 368 |
| Oils | 18 | 29 | 80 |
| Plantations | 5 | 1 | 11 |
| Mines | 63 | 36 | 80 |
| Others | 53 | 55 | 136 |
| Totals | 606 | 490 | 1,603 |

## RECENT ISSUES

### EQUITIES

### FIXED INTEREST STOCKS

### RIGHTS OFFERS

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully-paid. ‖‖ Introduction. ✱ Unlisted Securities Market. ‡ Placing price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

## ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

| Stock | Closing price | Day's change |
|---|---|---|
| BAT Inds | 310 | — 1 |
| Bell (A.) | 246 | + 5 |
| British Telecom | 196 | + 1 |
| Clay (R.) | 149 | + 1 |
| Good Relations | 223 | + 7 |
| GKN | 210 | —10 |
| ICI | 680 | + 6 |
| LRC International | 149 | + 6 |
| Reed International | 674 | +29 |
| Reuters B | 300 | +17 |
| Tate and Lyle | 446 | + 6 |
| Ultramar | 213 | — 3 |

## OPTIONS

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Aug 5 | Aug 16 | Nov 7 | Nov 18 |
| Aug 19 | Sept 6 | Nov 21 | Dec 2 |
| Sept 9 | Sept 20 | Dec 5 | Dec 16 |

*For rate indications see end of Share Information Service*

Subdued conditions prevailed in the option market. Calls were struck in John Brown, Bryson, Southwest Resources, A. Beckman, STC, Intervision, United Biscuits, Endeavour and C. H. Bailey. No puts were reported, but a double option was transacted in Barker and Dobson.

## EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 24,929

A=Ask B=Bid C=Call P=Put

## LONDON TRADED OPTIONS

| Option | | Calls Oct. | Calls Jan. | Calls Apr. | Puts Oct. | Puts Jan. | Puts Apr. |
|---|---|---|---|---|---|---|---|
| B.P. (*538) | 460 | 92 | — | — | 5 | — | — |
| | 500 | 55 | 72 | 78 | 12 | 16 | 20 |
| | 550 | 20 | 55 | 45 | 26 | 35 | 42 |
| | 600 | 7 | 15 | — | 70 | 75 | — |

| Option | | Calls Aug. | Calls Nov. | Calls Feb. |
|---|---|---|---|---|
| Lonrho (*164) | 140 | 26 | — | — |
| | 160 | 5 | 11 | 17 |
| | 180 | 1 | 4½ | 6 |
| P. & O. (*376) | 330 | 50 | 55 | 58 |
| | 360 | 20 | 35 | 40 |
| | 390 | 3½ | 12 | 22 |

Aug. 7 Total Contracts 5,931. Calls 4,383. Puts 1,548

* Underlying security price

# WORLD STOCK MARKETS

## AUSTRIA

| Aug. 7 | Price Schz. | + or − |
|---|---|---|
| Creditanstalt | 330 | −6 |
| Goesser | 514 | ...... |
| Interunfall | 1,510 | −10 |
| Laenderbank | 835 | ...... |
| Perlmooser | 888 | ...... |
| Steyr-Daimler | 172 | +1 |
| Veitscher Mag | 540 | +5 |

## BELGIUM/LUXEMBOURG

| Aug. 7 | Price Frs. | + or − |
|---|---|---|
| B.B.L. | 2,025 | ...... |
| Banq. Gen Lux | 6,950 | +50 |
| Banq. Int. A. Lux | 6,500 | −80 |
| Bekaert B | 5,440 | ...... |
| Ciment CBR | 2,350 | +110 |
| Cockerill | 217 | ...... |
| Delhaize | 7,710 | −40 |
| EBES | 3,875 | +25 |
| Electrobel | 8,480 | +30 |
| Fabrique Nat | 1,915 | ...... |
| GB Inno BM | 3,630 | +10 |
| GBL (Brux) | 1,890 | +10 |
| Gevaert | 3,950 | −10 |
| Hoboken | 5,340 | +30 |
| Intercom | 2,200 | −5 |
| Kredietbank | 8,850 | −30 |
| Pan Hldgs. | 10,150 | −150 |
| Petrofina | 5,670 | −10 |
| Royale Belge | 12,000 | ...... |
| Soc. Gen. Banq | 3,375 | +20 |
| Soc. Gen. Belge | 1,780 | −5 |
| Sofina | 7,230 | +80 |
| Solvay | 4,440 | +40 |
| Stanwick Intl. | 1,400 | ...... |
| Tractionel | 5,755 | +8 |
| UCB | 4,985 | +5 |
| Wagon Lits | 8,000 | +8 |

## DENMARK

| Aug. 7 | Price Knr % | + or − |
|---|---|---|
| Andelsbanken | 348 | +1 |
| Baltic Skand | 715 | −10 |
| CopHandelsbank | 342 | +8 |
| D. Sukkerfab | 490 | −15 |
| Danske Bank | 876 | +4 |
| De Danske Luft | 1,190 | −45 |
| East Asiatic | 248 | +1 |
| Forenede Brygg | 250 | ...... |
| Forenede Damp | 165 | −3 |
| GNT Hldg | 474 | −8 |
| I.S.S.B. | 470 | −18 |
| Jyske Bank | 795 | +10 |
| Novo Ind's | 1,735 | −15 |
| Privatbanken | 344 | +3 |
| Provinsbanken | 895 | +8 |
| Smidth (F.L.) B | 282 | −8 |
| Sophus Berend | 1,105 | ...... |
| Superfos | 448 | −36 |

## FRANCE

| Aug. 7 | Price Frs. | + or − |
|---|---|---|
| Emprunt 4½% 1973 | 1,602 | −17 |
| Emprunt 7% 1973 | 6,230 | +80 |
| Accor | 281.1 | −8.2 |
| Air Liquide | 590 | +1 |
| BIC | 499 | +4 |
| Bongrain | 1,771 | −4 |
| Bouygues | 800 | +8 |
| BSN Gervais | 2,160 | −8 |
| CIT-Alcatel | 1,200 | ...... |
| Carrefour | 2,255 | −55 |
| Club Mediter'n | 818 | −2 |
| Cie Bancaire | 624 | +2 |
| Cofimeg | 285.5 | −1.5 |
| Damart | 1,849 | −48 |
| Darty | 1,410 | ...... |
| Dumex S.A. | 782 | ...... |
| Eaux (Cie Gen) | 630 | −1 |
| Elf Aquitane | 195.5 | −2.5 |
| Essilor | 2,805 | −43 |
| Gen. Occidentale | 727 | +2 |
| Imetal | 98 | −1.7 |
| Lafarge Coppee | 534 | +2 |
| L'Oreal | 2,267 | +1 |
| Legrand | 2,181 | −14 |
| Maisons Phenix | 186.1 | −2.9 |
| Matra S.A. | 1,740 | +15 |
| Michelin B | 1,155 | −4 |
| Midi (Cie) | 2,942 | +2 |
| Moet-Hennessy | 1,820 | +10 |
| Moulinex | 83.8 | −2.6 |
| Nord Est | 95.8 | −0.2 |
| Pernod Ricard | 696 | −8 |
| Perrier | 490.8 | −3.5 |
| Petroles Fra | 228.8 | −2.2 |
| Peugeot S.A. | 368 | −3 |
| Printemps Au | 257.5 | +2.5 |
| Radiotech | 288 | [illegible] |
| Redoute | 1,546 | −34 |
| Roussel-Uclaf | 1,591 | −4 |
| Sefimeg | 349 | [illegible] |
| Skis Rossignol | 1,380 | −18 |
| Telemec Elect | 2,500 | +18 |
| Thomson CSF | 822 | −3 |
| Valeo | 215.3 | −3.7 |

## GERMANY

| Aug. 7 | Price Dm. | + or − |
|---|---|---|
| AEG-Telef | 129 | ...... |
| Allianz Vers | 1,395 | −20 |
| BASF | 219.1 | +0.8 |
| Bayer | 218.8 | +0.8 |
| Bayer-Hypo | 858 | −1 |
| Bayer-Verein | 387 | −8 |
| BHF-Bank | 318 | ...... |
| BMW | 421 | −1.5 |
| Brown Boveri | 257.5 | −1 |
| Commerzbank | 209.5 | −8 |
| Cont'l. Gummi | 148.5 | −1.5 |
| Daimler-Benz | 861xd | −2 |
| Degussa | 856 | −5 |
| D'sche Babcock | 156 | −1.5 |
| Deutsche Bank | 542 | −7.5 |
| Dresdner Bank | 265 | −2.5 |
| GHH | 172 | −2.2 |
| Hochtief | 638 | −2 |
| Hoechst | 218.5 | +0.3 |
| Hoesch Werke | 111.6 | −1.1 |
| Holzmann (P) | 450 | +7 |
| Horten | 184.5 | +0.5 |
| Hussel | 328 | −2.5 |
| Karstadt | 231.5 | −4 |
| Kaufhof | 266 | −2 |
| KHD | 282.5 | −4.5 |
| Kloeckner | 62 | +1 |
| Linde | 492xr | −1.5 |
| Lufthansa | 215.5 | −0.5 |
| MAN | 163 | −2 |
| Mannesmann | 189.5 | −0.3 |
| Mercedes Hld | 771 | −2 |
| Metallgesell | 252 | −1 |
| Muench Rueck | 1,760 | −20 |
| Nixdorf | 529 | +2 |
| Porsche | 1,288.5 | −3.5 |
| Preussag | 265.5 | +0.3 |
| Rhein West Elect | 183 | +0.5 |
| Rosenthal | 250 | ...... |
| Schering | 465 | −3 |
| Siemens | 547.5 | −0.2 |
| Thyssen | 120.5 | −1.5 |
| Varta | 217.2 | +0.2 |
| Veba | 253.2 | −3 |
| V.E.W. | 135.2 | −1.5 |
| Verein-West | 330 | −2 |
| Volkswagen | 311.5 | +4 |

## ITALY

| Aug. 7 | Price Lira | + or − |
|---|---|---|
| Banco Com'le | 25,950 | +50 |
| Bastogi-IRBS | 231 | +5 |
| B.I-Invest | 6,140 | −40 |
| Centrale | 3,250 | +25 |
| Credito Varesino | 4,605 | +55 |
| Fiat | 4,198 | −51 |
| Finsider | — | ...... |
| Generali Assicur. | 58,790 | −210 |
| Italcementi | 42,500 | −400 |
| La Rinascente | 870 | +2 |
| Montedison | 2,108 | −21 |
| Olivetti | 6,260 | +50 |
| Pirelli Co | 6,855 | +250 |
| Pirelli Spa | 3,110 | +20 |
| Saipem | 6,099 | +29 |
| Snia BPD | 8,400 | −39 |
| Toro Assic | 17,800 | −100 |
| do Pref | 15,200 | +150 |

## NETHERLANDS

| Aug. 7 | Price Fls | + or − |
|---|---|---|
| ACF Holding | 237 | +1 |
| AEGON | 99 | −0.8 |
| Ahold | 237 | −2 |
| AKZO | 120 | −1.5 |
| ABN | 501xr | ...... |
| AMEV | 368 | +0.5 |
| AMRO | 87.2 | −0.7 |
| Bredero Cert | 162 | −1 |
| Bos Kalis Westm | 18.5 | −0.4 |
| Buehrmann-Tet | 100 | −1.8 |
| Calland Hldgs | 87.8 | +1 |
| Dordtsche Pet'm | 173 | −1.2 |
| Elsevier NDU | 128 | −0.4 |
| Fokker | 78.5 | ...... |
| Gist Brocades | 218 | −3.5 |
| Heineken | 150.5 | −1.4 |
| Hoogovens | 66 | −2.2 |
| Int Mueller | 54.9 | −0.8 |
| KLM | 59.7 | −1.5 |
| Naarden | 49 | −0.6 |
| Nat Ned Cert | 75.4 | −0.9 |
| Ned Mid Bank | 210 | −0.5 |
| Nedlloyd | 179 | −1 |
| Oce Grinten | 341.5 | −0.8 |
| Ommeren (Van) | 29 | ...... |
| Pakhoed | 68.8 | −0.5 |
| Philips | 46.4 | −0.6 |
| Robeco | 75.8 | −0.4 |
| Rodamco | 132.5 | ...... |
| Rolinco | 69 | −0.5 |
| Rorento | 46 | [illegible] |
| Royal Dutch | 194 | −1.8 |
| Unilever | 341.5 | −2.7 |
| VMF Stork | 238 | −2 |
| VNU | 205.8 | −1.2 |
| Wessanen | 178 | −0.5 |
| West Utr Bank | 99.4 | −0.5 |

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

## NORWAY

| Aug. 7 | Price Kroner | + or − |
|---|---|---|
| Bergens Bank | 144 | −0.5 |
| Borregaard | 407.5 | −2.5 |
| Christiania Bank | 141 | −1 |
| DenNorske Cred | 145 | −1 |
| Elkem | 128.5 | −1.5 |
| Kosmos | 222.5 | −0.5 |
| Kvaerner | 162.5 | −3 |
| Norsk Data | 349 | −7 |
| Norsk Hydro | 108 | −2.5 |
| Storebrand | 273 | −7 |

## SPAIN

| Aug. 7 | Price Pta % | + or − |
|---|---|---|
| Bco Bilbao | 349 | ...... |
| Bco Central | 815 | ...... |
| Bco Exterior | 201 | ...... |
| Bco Hispano | 148 | ...... |
| Bco Popular | 345 | −1 |
| Bco Santander | 342 | +2 |
| Bco. Vizcaya | 448 | ...... |
| Dragados | 157 | +0.5 |
| Hidrola | 75 | +0.8 |
| Iberduero | 90.7 | ...... |
| Petroleos | 127 | ...... |
| Telefonica | 115.7 | −0.3 |

## SWEDEN

| Aug. 7 | Price Kronor | + or − |
|---|---|---|
| AGA | 118 | ...... |
| Alfa-Laval B | 121 | −2 |
| ASEA (Free) | 811 | ...... |
| Astra (Free) | 450 | +8 |
| Atlas Copco | 111 | −2 |
| Cardo (Free) | 247 | −5 |
| Cellulosa | 131 | ...... |
| Electrolux B | 289 | −3 |
| Ericsson B | 246 | −1 |
| Esselte | 860 | ...... |
| Mo och Domsjo | 178 | +3 |
| Pharmacia | 205 | −1 |
| Saab Scania Free | 400 | ...... |
| Sandvik | 400 | +10 |
| Skandia | 335 | +8 |
| Skan Enskilda | 55 | −1 |
| SKF | 229 | −1 |
| St Kopparbergs | 181 | ...... |
| Sonesson | 155 | ...... |
| Sven Handlesbn | 174 | −8 |
| Swedish Match | 188 | −8 |
| Volvo B (Free) | 262 | −2 |

## SWITZERLAND

| Aug. 7 | Price Frs. | + or − |
|---|---|---|
| Adia Intl | 3,410 | +125 |
| Alusuisse | 795 | +5 |
| Bank Leu | 3,700 | ...... |
| Brown Boveri | 1,835 | −15 |
| Ciba Geigy | 3,280 | −30 |
| do. (Part Certs) | 2,510 | −10 |
| Credit Suisse | 2,930 | −50 |
| Elektrowatt | 3,190 | +20 |
| Fischer (Geo.) | 805 | −8 |
| Hoff-Roche PtCts | 23,750 | +125 |
| Hoff-Roche 1/10 | 8,375 | +100 |
| Jacobs Suchard | 6,525 | ...... |
| Jelmoli | 2,510 | +10 |
| Landis & Gyr | 1,890 | −10 |
| Nestle | 6,870 | −25 |
| Oer-Buehrle | 1,495 | −6 |
| Pirelli | 350 | −2 |
| Sandoz (Br) | 8,650 | +110 |
| Sandoz (PtCts) | 1,335 | −18 |
| Schindler (PtCts) | 840 | ...... |
| Sika | 1,375 | +35 |
| Surveillance A | 5,200 | −50 |
| Swissair | 1,385 | −7 |
| Swiss Bank | 462 | −3 |
| Swiss Reinsce | 12,950 | −50 |
| Swiss Volksbk | 1,735 | +8 |
| Union Bank | 4,280 | −40 |
| Winterthur | 4,250 | −10 |
| Zurich Ins | 5,425 | −25 |

## AUSTRALIA

| Aug. 7 | Price Aust $ | + or − |
|---|---|---|
| ANZ Group | 5.10 | −0.06 |
| Alliance Oil Dev | 1.06 | ...... |
| Ampol Pet | 2.05 | −0.05 |
| Ashton | 1.18 | ...... |
| Aust. Cons. Ind | 2.68 | −0.05 |
| Aust. Guarantee | 2.8 | ...... |
| Aust. Nat. Inds | 2.7 | −0.02 |
| APM | 2.88 | −0.04 |
| Bell Group | 7.8 | −0.1 |
| Bell Res | 8.90 | ...... |
| Bond Corp Hldgs | 1.55 | +0.01 |
| Boral | 3.81 | −0.01 |
| Bougainville | 1.88 | −0.1 |
| Brambles Inds | 3.98 | ...... |
| Bridge Oil | 2.5 | −0.04 |
| B.H. Prop | 6.72 | −0.02 |
| CRA | 5.78 | −0.08 |
| CSR | 3.28 | −0.02 |
| Castlemaine Tys | 7.56 | +0.02 |
| Coles (G.J.) | 3.8 | −0.05 |
| Comalco "A" | 1.88 | −0.02 |
| Consolidated Pet | 0.34 | ...... |
| Costain Aust | 1.8 | ...... |
| Dunlop Olympic | 2.52 | −0.03 |
| Elders IXL | 5.2 | +0.05 |
| Energ Res | 1.67 | +0.01 |

## AUSTRALIA (continued)

| Aug. 7 | Price Aust $ | + or − |
|---|---|---|
| Gen. Prop. Trust | 2.15 | +0.01 |
| Hardie (James) | 3.12 | −0.08 |
| Hartogen Energy | 2.1xc | −0.07 |
| Herald W'y Times | 4.7 | −0.1 |
| ICI Aust | 2.03 | −0.04 |
| Jimberlana F.P. | 0.24 | ...... |
| Kia Ora Gold | 0.15 | −0.01 |
| Lend Lease | 6.92 | −0.08 |
| MIM | 2.7 | +0.02 |
| Mayne Nickless | 3.15 | ...... |
| Myer Emporium | 3.25 | +0.05 |
| Nat. Aust. Bank | 4.52 | +0.07 |
| News | 6.3 | −0.1 |
| Nicholas Kiwi | 2.0 | ...... |
| North Bkn Hill | 2.32 | ...... |
| Oakbridge | 1.15 | +0.01 |
| Pancontinental | 1.93 | −0.07 |
| Pioneer Conc | 1.96 | −0.02 |
| Poseidon | 4.15 | −0.2 |
| Queensland Coal | 1.80 | ...... |
| Reckitt & Colman | 3.5 | ...... |
| Repco | 1.5 | −0.01 |
| Santos | 5.7 | −0.18 |
| Smith (Howard) | 5.2 | +0.05 |
| Thos. Natwide | 2.22 | −0.05 |
| Tooth | 0.86 | −0.04 |
| Vamgas | 4.08 | −0.08 |
| Western Mining | 4.12 | −0.08 |
| Westpac Bank | 4.82 | +0.01 |
| Woodside Petrol | 1.3 | ...... |
| Woolworths | 3.24 | −0.11 |
| Wormald Intl | 3.95 | −0.05 |

## HONG KONG

| Aug. 7 | Price H.K.$ | + or − |
|---|---|---|
| Bank East Asia | 23.5 | +0.1 |
| Cheung Kong | 18.1 | −0.1 |
| China Light | 16.2 | −0.1 |
| Evergo | 0.87 | +0.02 |
| Hang Seng Bank | 48.25 | −0.25 |
| Henderson Land | 2.10 | ...... |
| HK China Gas | 11.00 | ...... |
| HK Electric | 8.75 | −0.1 |
| HK Kowloon Wh. | 5.95 | +0.05 |
| HK Land | 6.65 | ...... |
| HK Shanghai BK | 7.85 | ...... |
| HK Telephone | 9.0xc | ...... |
| Hutchison Wpa | 25.9 | ...... |
| Intnl. City | 0.97 | +0.01 |
| Jardine Math | 18.5 | +0.2 |
| New World Dev | 7.75 | ...... |
| Orient O'seas | 9.15 | ...... |
| SHK Props | 13.1 | ...... |
| Shell Elect | 1.07 | ...... |
| Swire Pac A | 25.2 | ...... |
| TV—B | 7.9 | ...... |
| World Int. Hldgs. | 2.32 | +0.02 |

## JAPAN

| Aug. 7 | Price Yen | + or − |
|---|---|---|
| Ajinomoto | 1,150 | +10 |
| Alps Electric | 1,430 | +20 |
| Amada | 805 | +7 |
| Asahi Chem | 860 | +5 |
| Asahi Glass | 828 | +5 |
| Bridgestone | 538 | −2 |
| Canon | 277 | +3 |
| Casio Comp | 1,600 | −20 |
| Chugai Pharm | 870 | −6 |
| Citizen | 403 | −5 |
| Daiei | 690 | +7 |
| Dai Nippon Ptg | 1,050 | −10 |
| Daiwa House | 769 | +24 |

## JAPAN (continued)

| Aug. 7 | Price Yen | + or − |
|---|---|---|
| MHI | 325 | +4 |
| Mitsui | 423 | −5 |
| Mitsui Estate | 777 | ...... |
| Mitsukoshi | 595 | −1 |
| NGK Insulators | 730 | −4 |
| Nihon Cement | 320 | +1 |
| Nippon Denso | 1,290 | ...... |
| Nippon Elect | 870 | ...... |
| Nippon Express | 472 | +2 |
| Nippon Gakki | 1,300 | −10 |
| Nippon Kokan | 147 | ...... |
| Nippon Oil | 845 | +2 |
| Nippon Seiko | 478 | +15 |
| Nippon Shimpan | 632 | −8 |
| Nippon Steel | 159 | −1 |
| Nippon Suisan | 388 | −2 |
| NTV | 10,200 | −200 |
| Nippon Yusen | 303 | −2 |
| Nissan Motor | 519 | −1 |
| Nisshin Flour | 488 | −8 |
| Nisshin Steel | 160 | −1 |
| Nomura | 1,180 | ...... |
| Olympus | 1,060 | −10 |
| Orient Leasing | 2,810 | −70 |
| Pioneer | 1,920 | +40 |
| Renown | 750 | −10 |
| Ricoh | 880 | ...... |
| Sankyo | 1,150 | +20 |
| Sanyo Elect | 410 | −8 |
| Sapporo | 465 | ...... |
| Sekisui Prefab | 760 | +18 |
| Seven-Eleven | 8,150 | +50 |
| Sharp | 809 | −1 |
| Shimadzu | 580 | −10 |
| Shionogi | 765 | +1 |
| Shiseido | 1,080 | −30 |
| Sony | 3,780 | −20 |
| Stanley | 735 | −88 |
| S'tomo Bank | 1,870 | +30 |
| S'tomo Elect | 725 | −6 |
| S'tomo Marine | 669 | −18 |
| S'tomo Metal | 181 | −2 |
| Taihei Dengyo | 542 | −18 |
| Taisei Corp | 507 | +4 |
| Taisho Pharm | 1,150 | +50 |
| Takeda | 804 | −1 |
| TDK | 4,390 | +80 |
| Teijin | 462 | +2 |
| Teikoku | 661 | +1 |
| Tokio Marine | 850 | −5 |
| TBS | 867 | −13 |
| Tokyo Elect Pwr | 1,960 | −30 |
| Tokyo Gas | 217 | ...... |
| Tokyo Sanyo | 637 | +1 |
| Tokyo Style | 1,040 | −10 |
| Tokyu Corp | 445 | −9 |
| Toppan Print | 805 | −8 |
| Toray | 422 | +4 |
| Toshiba Elect | 350 | −2 |
| TOTO | 766 | −5 |
| Toyo Seikan | 1,180 | +10 |
| Toyota Motor | 1,180 | ...... |
| Victor | 1,580 | +30 |
| Wacoal | 720 | −2 |
| Yamaha | 660 | ...... |
| Yamanouchi | 3,090 | +80 |
| Yamazaki | 790 | −10 |
| Yasuda Fire | 657 | −6 |
| Yokogawa Bdge. | 640 | −9 |

## SINGAPORE

| Aug. 7 | Price $ | + or − |
|---|---|---|
| Boustead Hldgs | 1.49 | +0.05 |
| Cold Storage | 2.58 | −0.01 |
| DBS | 8.5 | ...... |
| Genting | 5.78 | ...... |
| Haw Par. Bros | 2.18 | +0.05 |
| Hong Leong Fin | 2.45 | ...... |
| Inchcape Bhd | 2.23 | ...... |
| Keppel Shipyard | 1.18 | +0.01 |

## SOUTH AFRICA

# CANADA

## TORONTO

*Prices at 2.30pm August 7*

We regret this listing is incomplete because of a computer processing error.

## MONTREAL

*Closing prices August 6*

# Indices

## NEW YORK

## WORLD

| | | | | | | |
|---|---|---|---|---|---|---|
| Capital Intl. (1/1/70) | – | 218.8 | 218.1 | 220.0 | 224.3 (17/7) | 184.8 (4/1) |

* Indicates pre-close figure ** Saturday August 3 Japan Nikkei Dow 12482.27 TSE 1013.86 Base values of all indices are 100 except Australia All Ordinary and Metals – 500 NYSE All Common – 50 Standard and Poors – 10 and Toronto Composite and Metals – 1000 Toronto indices based 1975 and Montreal Portfolio 4/1/83 † Excluding bonds ‡ 400 industrials § 400 industrials plus 40 Utilities Financials and 20 Transports c Closed u. Unavailable

# OVER-THE-COUNTER

*Nasdaq national market, 2.30pm prices*

Continued from Page 29

# NORTH AMERICAN QUARTERLIES

# LONDON

Chief price changes (in pence unless otherwise indicated)

**RISES**

| | | |
|---|---|---|
| Ex 12¼% 92 | £105½ | +£½ |
| Banks (Sidney C) | 260 | +25 |
| Bassett Foods | 160 | +7 |
| Bell (A) | 246 | +6 |
| Capital Gear | 81 | +7 |
| Elys (Wimble) | 480 | +30 |
| GEC | 192 | +4 |
| Kwik Save | 208 | +8 |
| LRC Int | 149 | +6 |
| Liberty | 770 | +40 |
| Low & Bonar | 290 | +18 |
| Owen Owen | 320 | +20 |
| Porter Chad | 116 | +14 |
| Rank Org | 400 | +8 |
| Reed Int | 674 | +29 |
| Reuters B | 300 | +17 |
| Rotaflex | 170 | +7 |
| Steinberg | 70 | +6 |
| Tod (WJ) | 122* | +7 |

**FALLS**

| | | |
|---|---|---|
| Blue Circle | 505 | −6 |
| Bougainville | 97 | −6 |
| Central Norse | 478 | −25 |
| GMK | 558 | −25 |
| GKN | 210 | −10 |
| Watts Blake | 210 | −13 |

* Price at suspension

*Prices at 3pm, August 7*

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

| 12 Month High | Low | Stock | Div. | Yld. | P/ E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | |

A

B B B

*We regret this listing is incomplete because of a computer processing error.*

C

D D D

E E E

F

G G G

H H H

I I I

*We regret this listing is incomplete because of a computer processing error.*

J J J

K K K

L L L

M M M

*We regret this listing is incomplete because of a computer processing error.*

O O O

P - Q

R R R

S S S

Continued on Page 29

# NYSE COMPOSITE PRICES

Continued from Page 28

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

*We regret this listing is incomplete because of a computer processing error.*



# AMEX COMPOSITE PRICES

*Prices at 3pm, August 7*

*We regret this listing is incomplete because of a computer processing error.*

# OVER-THE-COUNTER

*Nasdaq national market, 2.30pm prices*

Continued on Page 27

# FINANCIAL TIMES
## WORLD STOCK MARKETS

WALL STREET

## Confidence remains bruised

WITH INVESTOR confidence badly shaken by the protracted selling of the previous session, Wall Street stocks could not sustain a rally yesterday, *writes Terry Byland in New York.*

Also holding equity markets in check was sluggishness in tha bond market ahead of $6.75bn auction of 10-year federal notes, the second leg of the Treasury refunding programme.

By 3pm the Dow Jones industrial average was 0.33 higher at 1,325.49.

The first hour of trade saw renewed blue-chips selling, as the September contract on the Standard & Poor's 500 stock index dropped briefly below the index itself. The futures contract later rallied, and selling in the stock market died down for a while. The undertone remained weak, however.

The stock market's difficulty in holding on to the Dow 1,322 level gave some cause for concern. While technical factors – in particular, the oarrow spread between the S & P 500 index and the futures contract on it – are hlamed for this week's selling, the increase in turnover indicates institutional activity. Trading of large hlocks of stock – defined as 10,000 shares or more – rose 36 per cent on Tuesday. Technology stocks, which have acted as market leaders for the past six months, suffered sharply in Tuesday's selloff.

The high-technology sector steadied, after leading the rout in stock prices at Tuesday's close. IBM at $129¾ gained $⅛ in busy trading. Digital Equipment, sharply down on Tuesday after announcing its results, rallied $⅞ to $102⅞. Among the semiconductor issues, Motorola edged up $⅛ to $35⅞ as the market awaited announcement this week of the latest semiconductor industry sales statistics.

Motor stocks, which also featured in the selling bout, steadied hut failed to recover any lost ground. Airline stocks also made little change from overnight levels. Eastern, in another active session, dipped $¼ to $11⅛. Pan Am, however, edged up $⅛ to $7⅛, close to its 52-week peak. On the American stock exchange, Texas Air at $18 eased $¼ as its bid to acquire TWA appeared thwarted hy Mr Carl Icahn.

Cullinet Software plunged $5¼ to $19¾ on the board's warning that earnings will be down in the first quarter. Cullinet, with a long history of rising quarterly profits, is a prominent portfolio stock and suffered hefty selling yesterday.

Also heavily traded again was MGM/UA, up $⅜ at $24¼, well short of Mr Ted Turner's $29 a share offer, which still lacks credibility on Wall Street. At $18¼, Turner Broadcasting shed $¼ on the American Stock Exchange.

Rollins Environmental Services fell $9,⅞ to $26¼ after Louisiana State insisted on closure of the group's troubled Baton Rouge plant, one of the largest disposal operations of hazardous waste in the U.S.

A profits warning from the board brought a fall of $4½ to $38½ in Shop & Stop. Scott & Fetzer, publishing and industrial products, fell $1¼ to $57¾ after objections to the management buyout plan obliged the directors to explore "alternative" plans.

Other weak features included Meredith Corp, publisher and radio station operator, fell $4¾ to $61½ after warning that profits will drop in the first quarter of its new fiscal year.

The banking sector remained calm as BankAmerica's dividend cut was uneasily digested. A bright feature was General Bancshares, which bounded $11¼ to $56 on a $70 a share bid in stock from Boatmen's Bancshares, also of St Louis. Wall Street regards the terms as overgenerous, even in the context of the current frenzy for mergers as the regional banks rush to secure their barriers before the money centre banks are allowed in.

Heavy turnover in Beatrice Group continued, although the stock was only $⅛ up at $33⅛ as Wall Street continued to respond to the boardroom shakeout. Beatrice, once a market favourite, has proved a disappointment over the past two years.

The credit market, while lethargic, remained worried over the implications for interest rates of this week's heavy weight of Treasury auctions. The test will come today when $6.5bn in 30-year bonds go on the block. Retail demand for bonds has been thinnish for some weeks, but there are reports that some Japanese houses have shown interest ahead of this week's auctions.

EUROPE

## Sharp drop disrupts slumber

SOME FEATHERS were ruffled on the European bourses yesterday as the sharp Tuesday overnight setback on Wall Street forced some lethargic investors out of their holiday-induced slumber.

The New York decline soured Frankfurt enough to clip 10.1 points off the Commerzbank index to 1,397.6 despite the dollar's advance against the D-Mark which normally has the effect of boosting foreign interest in West German stocks.

Chemicals resisted the downturn which seeped through to most sectors, but prices settled above their lows for the day.

BASF managed to put on 80 pfg to DM 219.10, and Hoechst gained 30pfg to DM 218.30. A more volatile Schering lost DM 3 to DM 463.

Car makers staged only a brief recovery, but VW took a confident stride of DM 4 ahead to DM 311.50 with Porsche DM 3.50 off at DM 1,289.50.

Banks were somewhat unsettled despite their recent profits performance, and Deutsche Bank fell DM 7.50 to DM 542 on fears over its South American loan exposure. Elsewhere, Commerzbank retreated DM 3 to DM 209.50.

Stores finished easier despite the prospect of lower interest rates. Karstadt turned DM 4 cheaper to DM 231.50, and Kaufhof lost DM 2 to DM 266. Chocolate retailer Hussel shed DM 2.50 to DM 328.

The firmer dollar ignited buying support in the bond market with both local and overseas demand pushing prices higher by up to 40 basis points. The likely cut in leading interest rates at the eod of next week also fuelled the advance which was concentrated in new issues. The Bundesbank sold DM 49.2m in paper compared with Tuesday's sales of DM 60.1m.

The consolidation of U.S. stocks was cited as cause for the lower performance in Paris. Drinks-related issues, which have moved with recent exchange-rate fluctuations, saw Moët-Hennessy add FFr 10 to FFr 1,820. The champagne to rose bush group has traded in a narrow range so far this year while other sector constituents have proved more volatile such as Perrier which lost FFr 3.50 to FFr 490.50 and Pernod-Ricard which turned FFr 3 cheaper to FFr 696.

Elsewhere, Redoute suffered one of the steepest falls of the day with a FFr 34 decline to FFr 1,545 while Damart retreated FFr 48 to FFr 1,849.

Brussels notched up a modest advance spurred by recent firmness in the Belgian franc. Industrial leader Petrofina, however, shed BFr 10 to BFr 5,670. Demand persisted for Vieille-Montagne and pushed the zinc producer BFr 50 higher to BFr 7,000.

An uncertain path for local interest rates turned Zurich lower on the overnight Wall Street setback while Amsterdam dropped back with Amro, expected to report strong profits today, losing 10 cents to Fl 87.90. Insurer Amev was one of the few shares to rise with its 50-ceot gain to Fl 268.

A mixed Milan featured Pirelli L250 higher at L5,855 amid reports of a merger with the Milan-based finance group Caboto Milano Centrale which put on L430 to L11,950.

Stockholm finished lower but Madrid higher, both in light trading.

*West German stock market reforms, Page 13*

### SOUTH AFRICA

GOLDS rebounded in South Africa, helped by a slight recovery in the bullion price and a relatively weak rand.

Vaal Reefs added R5 to R166, FS Geduld R2.25 to R42.75 and Western Deep R2 to R75. Among the cheaper issues, Grootvlei rose R1.25 to R13.75, and Elandsrand 75 cents to R15.50.

Industrials also firmed, reversing the weaker trend that has dominated the market for more than two weeks. South African Brewers rose 15 cents to R7.40, and Barlow Rand took on 30 ceots to R10.70.

TOKYO

## Reluctance brings on fresh fall

THE SHARP plunge on Wall Street on Tuesday made investors in Tokyo more reluctant to commit funds yesterday, and prices dropped for the fifth consecutive session, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average fell 16.13 to 12,421.15. Trading remained slow, amounting to 231m shares compared with Tuesday's 237m. Declines outnumbered advances 460 to 296, with 148 issues unchanged.

Holidays kept most institutional investors out of the market while individual investors remained uncertain over future price moves. A leading securities house official said even major brokers were unsure whether the market would climb out of the doldrums soon or drop further. In the event, speculators hunted incentive-backed stocks to obtain capital gains on small outlays.

Kanebo was the most active stock, but its volume amounted to only 6.55m shares, indicating that investor funds were only trickling into the market. Reflecting the expansion of its pharmaceutical division, the issue gained Y7 to Y468. Kawasaki Kisen Kaisha, second most active with 6.23m shares, added Y10 to Y210, while Fuji Spinning, third busiest, rose Y8 to Y436.

Sato Kogyo advanced Y16 to Y433 on speculative buying. Fudo Construction rose Y66 to Y766 and Wakachiku Construction Y26 to Y686, but other budget-related stocks eased.

Thyristor-related stocks, popular on Tuesday, came under profit-taking pressure, and Meidensha Electric fell Y23 to Y441 and Osaka Transformer Y12 to Y450.

Small-lot selling also pushed down blue-chip electricals and precision instruments. Matsushita Electric Industrial shed Y30 to Y1,280, while Sony and Hoya lost Y20 each to Y3,780 and Y1,800, respectively. However, TDK gained Y80 to close at Y4,390.

Financials, such as trust banks, non-life insurances and brokerage houses, declined on a wide front, along with large-capital issues. Tokio Marine and Fire lost Y5 to Y860, Yamaichi Securities Y15 to Y815 and Nikko Securities Y8 to Y799. But Sumitomo Bank finished Y30 higher at Y1,870.

Bond prices firmed in the morning because city and other dealing banks bought actively. But disappointed by smaller than expected rises, they turned to selling toward the close. Selling was fanned by the yen's slip below Y239 against the U.S. dollar.

Institutional investors were apparently unable to participate actively in the market until receiving the results of bidding for $6.5bn worth of 30-year U.S. government bonds. The yield on the benchmark 6.8 per cent government bonds maturing in December 1993 was 6.345 per cent.

### INDIA

TRADING restrictions were relaxed yesterday in Bombay for the first time in two weeks, allowing prices to surge higher, *writes R. C. Murthy in Bombay.*

The restrictions, which were imposed on July 23 to help prevent overheating of the market and avert a sharp drop in prices, required hrokers to deposit in cash 40 per cent of their day's turnover in all shares.

Yesterday, the margin was reduced to 30 per cent for purchases in shares of the 55 actively traded stocks and to 20 per cent for the remaining 1,800 companies.

Transactions in the 55 top shares are allowed to be carried forward at the end of the fortnightly settlement, hut transactions in the remaining companies have to be squared up every fortnight.

The 40 per cent margin curbed upward pressure on prices, and prices dropped by about 8 per cent.

### SINGAPORE

CONTINUED short-covering, after Monday's sharp fall, helped prices to adopt a firmer tone in Singapore.

The Straits Times index added 3.82 to 757.60, and turnover rose to 11.1m shares from 10.8m the previous day.

Speculatives continued to dominate, with Grand United up 7 cents to S$1.45. Promet, however, slipped 3 cents to S$1.11.

In banks, DBS resumed trading after lower first-half results to finish unchanged at S$5.30, and OCBC added 2 cents to S$2.72 while UOB edged 4 cents lower to S$3.64.

Industrials and properties were narrowly mixed while plantations eased.

### CANADA

THE BROAD retreat continued in Toronto yesterday, adding to Tuesday's 37-point fall in the composite index.

Gold stocks, which had proved popular after South Africa declared a state of emergency, were lower for a second consecutive session. Lac Minerals lost C$1¼ to C$31⅛.

LONDON

## Blue chips recover early losses

LEADING SHARES suffered a sharp mark-down in early London trading yesterday in the wake of Wall Street's worst performance in 18 months on Tuesday.

Selling was light, however, and swiftly absorbed. Internationals and exporter stocks were quick to recover, and by the close the FT Ordinary index was only 0.4 down to at 955.7.

Disappointment with interim profits of GKN, one of the FT index constituents, turned the group 10p lower to 210p in active trading.

Elsewhere, stores continued to offer some excitement with Liberty 40p higher at 770p.

Gilts recouped early losses to finish with shorts ⅛ higher and longs ⅛ stronger.

*Chief price changes, Page 27; Details; Page 26; Share information service, Pages 24–25*

### HONG KONG

EARLY advances in Hong Kong were eroded hy profit-taking late in the session, and shares ended mixed in moderate activity.

Jardine Matheson and Hongkong Land rumours continued to trickle through the market hut failed to gather any substance. Jardine added 20 cents to HK$13.50, its third consecutive gain this week, while Hongkong Land ended steady at HK$6.65.

Hutchison Whampoa confirmed the sale of a 10 per cent stake in Hongkong Electric. Hutchison was unchanged at HK$26.90 while Hongkong Electric eased 10 cents to HK$8.75.

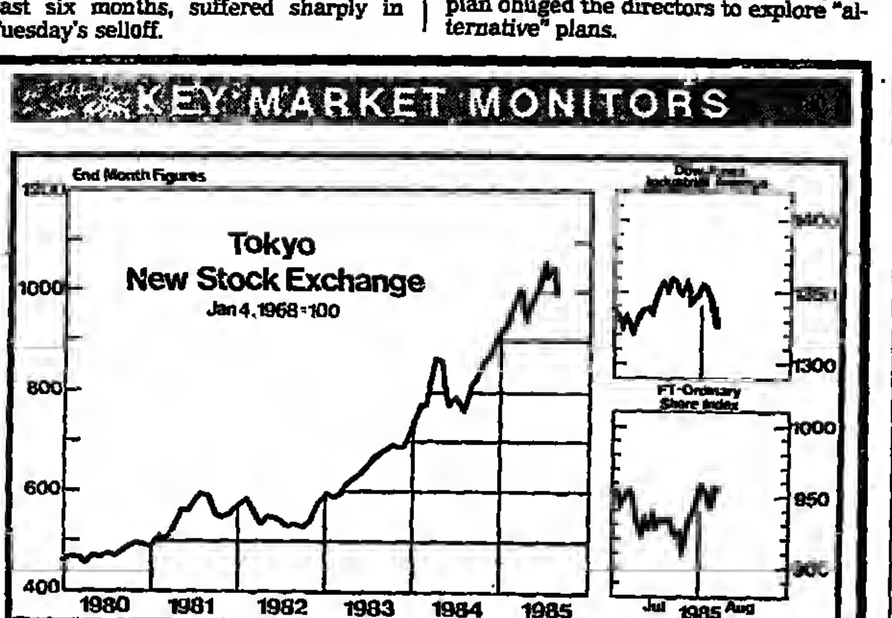
### AUSTRALIA

NO SECTOR was spared in Sydney's retreat yesterday as investors reacted to Wall Street's poor overnight performance.

The All Ordinaries index lost 5.3 to 931.8, and the gold index dropped 34.7 lower to 1,029.8. Declines outnumbered advances 315 to 130.

After Tuesday's merger announcement, Myer Emporium gained 5 cents to A$3.25, and Coles shed 5 cents to A$3.80. Woolworths, the other major retail chain which stands to lose most from the Coles-Myer merger, slipped 11 cents to A$3.24.

KEY MARKET MONITORS




STOCK MARKET INDICES

| NEW YORK | Aug 7 | Previous | Year ago |
|---|---|---|---|
| DJ Industrials | 1,325.49* | 1,325.16 | 1,204.62 |
| DJ Transport | 678.49* | 681.41 | 526.10 |
| DJ Utilities | 152.85* | 154.39 | 125.05 |
| S&P Composite | 167.46* | 187.93 | 162.71 |
| **LONDON** | | | |
| FT Ord | 955.7 | 956.1 | 839.0 |
| FT-SE 100 | 1,286.6 | 1,287.5 | 1,068.7 |
| FT-A All-share | 619.38 | 616.73 | 506.31 |
| FT-A 500 | 678.38 | 677.65 | 549.47 |
| FT Gold mines | 310.9 | 298.1 | 527.6 |
| FT-A Long gilt | 10.27 | 10.30 | 10.72 |
| **TOKYO** | | | |
| Nikkei-Dow | 12,421.15 | 12,437.28 | 10,313.8 |
| Tokyo SE | 1,005.30 | 1,008.12 | 797.03 |
| **AUSTRALIA** | | | |
| All Ord. | 931.8 | 937.0 | 728.4 |
| Metals & Mins. | 535.9 | 541.8 | 458.9 |
| **AUSTRIA** | | | |
| Credit Aktien | 95.42 | 95.10 | 53.40 |
| **BELGIUM** | | | |
| Belgian SE | 2,303.13 | 2,302.34 | – |
| **CANADA** | | | |
| Toronto | | | |
| Metals & Minls | 2,054.40* | 2,058.49 | 1,895.00 |
| Composite | 2,751.10* | 2,761.53 | 2,290.20 |
| Montreal | | | |
| Portfolio | 134.84* | 135.35 | 113.19 |
| **DENMARK** | | | |
| SE | n/a | 217.86 | 193.03 |
| **FRANCE** | | | |
| CAC Gen | 215.5 | 216.1 | 160.9 |
| Ind. Tendance | 123.0 | 123.3 | 86.0 |
| **WEST GERMANY** | | | |
| FAZ-Aktien | 474.75 | 479.04 | 332.61 |
| Commerzbank | 1,397.6 | 1,407.7 | 965.4 |
| **HONG KONG** | | | |
| Hang Seng | 1,698.66 | 1,700.93 | 885.49 |
| **ITALY** | | | |
| Banca Comm. | 365.61 | 365.59 | 213.17 |
| **NETHERLANDS** | | | |
| ANP-CBS Gen | 217.0 | 218.9 | 159.0 |
| ANP-CBS Ind | 187.1 | 188.3 | 127.9 |
| **NORWAY** | | | |
| Oslo SE | 341.54 | 347.27 | 258.34 |
| **SINGAPORE** | | | |
| Straits Times | 757.60 | 753.98 | 983.51 |
| **SOUTH AFRICA** | | | |
| JSE Golds | – | 836.4 | 911.5 |
| JSE Industrials | – | 913.0 | 790.3 |
| **SPAIN** | | | |
| Madrid SE | 110.39 | 110.46 | 99.79 |
| **SWEDEN** | | | |
| J & P | 1,365.45 | 1,372.37 | 1,533.39 |
| **SWITZERLAND** | | | |
| Swiss Bank Ind | 453.2 | 454.5 | 370.9 |
| **WORLD** | Aug 6 | Prev | Year ago |
| Capital Int'l | 218.6 | 219.1 | 180.5 |

GOLD (per ounce)

| | Aug 7 | Prev |
|---|---|---|
| London | $321.25 | $320.25 |
| Zürich | $321.75 | $320.60 |
| Paris (fixing) | $321.18 | $322.10 |
| Luxembourg | $321.25 | $321.85 |
| New York (Aug) | $322.50 | $320.70 |

* Latest available figure

CURRENCIES

| (London) | U.S. DOLLAR Aug 7 | U.S. DOLLAR Previous | STERLING Aug 7 | STERLING Previous |
|---|---|---|---|---|
| $ | – | – | 1.3385 | 1.3465 |
| DM | 2.846 | 2.849 | 3.815 | 3.8325 |
| Yen | 238.35 | 238.45 | 319.0 | 321.0 |
| FFr | 8.69 | 8.69 | 11.63 | 11.68 |
| SwFr | 2.36 | 2.3625 | 3.165 | 3.1825 |
| Guilder | 3.199 | 3.2035 | 4.2875 | 4.31 |
| Lira | 1,894.0 | 1,899.0 | 2,537.0 | 2,555.0 |
| BFr | 57.3 | 57.4 | 76.75 | 77.25 |
| C$ | 1.3609 | 1.358 | 1.825 | 1.827 |

INTEREST RATES

| | Aug 7 | Prev |
|---|---|---|
| Euro-currencies (3-month offered rate) | | |
| £ | 11 11/16 | 11⅝ |
| SwFr | 4 11/16 | 4¾ |
| DM | 4¾ | 4 13/16 |
| FFr | 12⅛ | 12¼ |
| FT London interbank fixing (offered rate) | | |
| 3-month U.S.$ | 8 5/16 | 8¼ |
| 6-month U.S.$ | 8⅜ | 8 7/16 |
| U.S. Fed Funds | 7 13/16* | 7⅝ |
| U.S. 3-month CDs | 7.80* | 7.85 |
| U.S. 3-month T-bills | 7.20* | 7.24 |

U.S BONDS

| Treasury | | Aug 7* Price | Aug 7* Yield | Prev Price | Prev Yield |
|---|---|---|---|---|---|
| 8⅞ | 1987 | 99 21/32 | 9.068 | 99 19/32 | 9.10 |
| 10⅜ | 1992 | 99 25/32 | 10.424 | 99 18/32 | 10.45 |
| 11¼ | 1995 | 103 21/32 | 10.582 | 103 17/32 | 10.61 |
| 11¼ | 2015 | 104 15/32 | 10.736 | 104 17/32 | 10.73 |

| Corporate | Aug 7* Price | Aug 7* Yield | Prev Price | Prev Yield |
|---|---|---|---|---|
| AT & T | | | | |
| 10⅜ June 1990 | 101⅛ | 9.98 | 101⅛ | 9.98 |
| 3⅞ July 1990 | 81⅛ | 8.52 | 81⅛ | 8.52 |
| 8⅜ May 2000 | 83⅞ | 11.02 | 83⅞ | 11.02 |
| Xerox | | | | |
| 10⅜ March 1993 | 97.225 | 11.02 | 97.225 | 11.02 |
| Diamond Shamrock | | | | |
| 10⅜ May 1993 | 96.91 | 10.87 | 96.91 | 10.87 |
| Federated Dept Stores | | | | |
| 10⅜ May 2013 | 83⅞ | 10.97 | 83⅞ | 10.97 |
| Abbot Lab | | | | |
| 11.80 Feb 2013 | 101⅞ | 11.52 | 101⅞ | 11.52 |
| Alcoa | | | | |
| 12¼ Dec 2012 | 100⅞ | 12.02 | 100⅞ | 12.02 |

Source: Salomon Bros

FINANCIAL FUTURES

| CHICAGO | Latest | High | Low | Prev |
|---|---|---|---|---|
| U.S. Treasury Bonds (CBT) 8% 32nds of 100% | | | | |
| Sept | 75-05 | 75-08 | 74-24 | 74-31 |
| U.S. Treasury Bills (IMM) $1m points of 100% | | | | |
| Sept | 92.71 | 92.72 | 92.66 | 92.67 |
| Certificates of Deposit (IMM) $1m points of 100% | | | | |
| Sept | 92.06 | 92.06 | 92.00 | 91.99 |
| **LONDON** | | | | |
| Three-month Eurodollar $1m points of 100% | | | | |
| Sept | 91.70 | 91.73 | 91.68 | 91.73 |
| 20-year National Gilt £50,000 32nds of 100% | | | | |
| Sept | 112-03 | 112-06 | 111-13 | 111-14 |

COMMODITIES

| (London) | Aug 7 | Prev |
|---|---|---|
| Silver (spot fixing) | 454.95p | 453.65p |
| Copper (cash) | £1,059.00 | £1,052.50 |
| Coffee (Sept) | £1,658.50 | £1,653.50 |
| Oil (spot Arabian light) | $27.90 | $27.275 |